

**HEALTH SERVICES AND DEVELOPMENT AGENCY
DECEMBER 14, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: Providence Surgery Center

PROJECT NUMBER: CN1608-031

ADDRESS: 5002 Crossing Circle, Suite 110
Mt. Juliet (Wilson County), TN 37122

LEGAL OWNER: Tenn SM, LLC
5002 Crossing Circle, Suite 110
Mt. Juliet (Wilson County), TN 37122

OPERATING ENTITY: USP Tennessee, Inc. (United Surgical Partners
International)
8 Cadillac Drive, Suite 200
Brentwood (Williamson County), TN 37027

CONTACT PERSON: Byron R. Trauger

DATE FILED: August 15, 2016

PROJECT COST: \$235,387

FINANCING: Cash Reserves

PURPOSE FOR FILING: Modification of an Established Multi-Specialty ASTC

DESCRIPTION:

Providence Surgery Center, an existing multi-specialty ASTC limited to orthopedic and pain procedures, is seeking approval to modify its status by adding additional specialties including but not limited to otolaryngology (ENT), obstetrics/gynecology, podiatry, and general surgery. Providence Surgery Center is located at 5002 Crossing Circle, Suite 110, Mt. Juliet (Wilson County), TN 37122. The project will include the re-designation of two operating rooms and one procedure room as part of the proposed multi-specialty ASTC modification. No renovation or new construction is required.

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SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

The following apply:

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.² An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The applicant is projecting 590 cases per operating room (OR) and 286 per procedure room (PR) in Year One (2017). In Year One the applicant will not meet the above minimum requirement of 884 cases per operating room and 1,867 cases per procedure room.

It appears that this criterion has not been met.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

Based on an average of 65 minutes per operating room case plus 30 minutes for turnover/prep, the operating room projected surgical hours will be 17.96 hours per week/OR or 934 hours in Year One, and 21.02 hours per week/OR or 1,093 hours in Year Two.

Based on an average of 30 total minutes per case, plus 15 minutes for turnover/prep, the projected procedure room surgical hours will be 4.1 hours per week or 214.5 hours in Year One, and 4.8 hours per week or 251 hours in Year Two.

The applicant provided four tables on page 2 in Supplemental #2 detailing the projected surgical hours and preparation time between surgeries in Year One and Year Two.

It appears this criterion has been met.

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available³) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

There are no other multispecialty ASTCs in the proposed primary service area of Wilson County, the ASTCs in the secondary service area of Wilson and Rutherford Counties are above or near the 70% minimum utilization. The applicant has provided a utilization table of all single and multi-specialty ASTCs operating in the proposed service area 2015. The tables are located on page 18 of the original application.

It appears this criterion has been met.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

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Note to Agency members:**For a dedicated outpatient operating room:**

- **Full Capacity is defined as 1,263 cases per year.**
- **Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.**

For a dedicated outpatient procedure room:

- **Full Capacity is defined as 2,667 cases per year.**
- **Optimum capacity is defined as 70% of full capacity, or 1,867 cases per year.**

There are a total of eight single-specialty ASTCs in the proposed 3 county service area (3 in Wilson County). The service area single-specialty ASTCs representing 3 operating rooms (ORs) and 15 procedure rooms (PRs) provided 2,557 OR cases and 20,157 PR cases in 2015, and averaged 852 cases or 96.3% of the OR and 72% of the PR optimum utilization standard. Please refer to the table below.

**Single Specialty ASTC Operating and Procedure Room Utilization in the proposed
Service Area ZIP Codes**

ASTC	County	# ORs/PRs	# Cases per OR	# Cases per PR	% of meeting Optimum Standard	
					884 per OR	1,867 per PR
Wilson County Eye Surgery Ctr. ,LLC	Wilson	1/1	987	356	111%	19.1%
Lebanon Endoscopy Center, LLC	Wilson	0/2	N/A	966	N/A	51.7%
Associated Endoscopy	Davidson	0/3	0	5,453	N/A	97.3%
Southern Endoscopy	Davidson	0/3	0	3,356	N/A	60%
Tennessee Pain Center Surgery Center	Davidson	1/3	1,514	6,060	171%	108%
Spine and Pain Surgery Center, LLC	Rutherford	0/1	0	841	N/A	45%
Mid-State Endoscopy Center	Rutherford	0/2	0	2,160	N/A	115%
Williams Surgery Center	Rutherford	1/0	56	0	6.3%	N/A
Total		3/15	852	1,344	96.3%	72%

Source: Tennessee Department of Health, Division of Health Statistics, 2015 Joint Annual Reports

There are a total of six multi-specialty ASTCs in the proposed 3 county service area (1 in Wilson County). The service area multi-specialty ASTCs representing 22 operating rooms (ORs) and 7 procedure rooms (PRs) provided 18,674 OR cases and 7,292 PR cases in 2015, and averaged 849 cases or 96.0% of the OR and 55.8% of the PR optimum utilization standard. Please refer to the table below.

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*Multi-Specialty ASTC Operating and Procedure Room Utilization in the proposed
Service Area ZIP Codes*

ASTC	County	# ORs/PRs	# Cases per OR	# Cases per PR	% of meeting Optimum Standard	
					884 per OR	1,867 per PR
Premier Orthopedic Surgery Center	Davidson	2/0	1,083	0	123%	N/A
Summit Surgery Center	Davidson	5/1	821	264	93%	14.1%
Providence Surgery Center	Wilson	2/1	271	131	30.6%	7.0%
Middle Tennessee Ambulatory Surgery Center	Rutherford	6/1	973	873	110%	47%
Physicians Pavilion Surgery Center	Rutherford	4/1	498	568	56.3%	30.4%
Surgicare of Murfreesboro Med Clinic	Rutherford	3/3	1,345	1,819	152%	97.4%
Total		22/7	849	1,042	96%	55.8%

Source: Tennessee Department of Health, Division of Health Statistics, 2015 Joint Annual Reports

It appears that this criterion has been partially met. The 1,867 per PR optimum standard for the proposed multi-specialty ASTCs in the proposed service area was 55.8% and did not meet the 70% optimum standard benchmark.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

The ZIP code service area single-specialty ASTCs representing 3 operating rooms (ORs) and 15 procedure rooms (PRs) provided 2,557 OR cases and 20,157 PR cases

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in 2015, and averaged 852 cases or ⁶96.3% of the OR and 72% of the PR optimum utilization standard. The ZIP code service area multi-specialty ASTCs representing 22 operating rooms (ORs) and 7 procedure rooms (PRs) provided 18,674 OR cases and 7,292 PR cases in 2015, and averaged 849 cases or 96% of the OR and 55.8% of the PR optimum utilization standard.

It appears this criterion has been partially met due to multi-specialty ASTCs in the proposed ZIP code service area operating at 55.8% of the procedure room (PR) optimum utilization standard in 2015.

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

The majority of patients reside within 60 minutes of the facility.

It appears this criterion has been met.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

The site is in close proximity of interstate 40.

It appears this criterion has been met.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projects over 67.7% of patients will originate from Wilson (33.4%), Rutherford (15.6%), and Davidson (18.7%) Counties. The applicant provided a patient origin chart on page 21 of the application.

It appears this criterion has been met.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projected annual utilization and specific methodology on pages 22-23 of the original application.

It appears this criterion has been met.

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant is accredited by The Joint Commission.

It appears this criterion has been met.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

The applicant provided a table on page 6 of supplemental #1 listing the number of physicians by specialty expected to utilize the facility. In addition, a credentialing process is already in place.

It appears this criterion has been met.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

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- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The applicant documents all of Wilson County and partial areas of Davidson and Rutherford Counties are medically underserved.

It appears this criterion has been met.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Since the applicant is not a hospital, this standard is not applicable to this proposed project.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

TennCare/Medicaid-Charges will equal \$2,280,556 in Year One representing 14.5% of total gross revenue.

Medicare/Managed Medicare-Charges will equal \$1,855,900 representing 11.8% of total gross revenue.

It appears this criterion has been met.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

Not applicable. The applicant is not seeking special consideration for case times.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Application Synopsis

Providence Surgery Center, an existing ASTC with two operating rooms and one procedure room, seeks approval to modify its authorized multi-specialty status from orthopedics and pain management to all specialties. Only pain procedures will take place in the procedure room initially, with gastroenterology procedures

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potentially being added in the future. The ASTC proposes to provide orthopedics, ENT, and pain surgeries in Year One and Year Two of the project.

Based on Providence's 2015 ZIP code data, 67% of patients resided in 15 contiguous ZIP codes. The primary service area is currently comprised of four ZIP codes in Wilson County (37122, 37087, 37090, and 37184). The secondary service area is comprised of six ZIP codes in Davidson County (37076, 37138, 37214, 37013, 37211, and 37217) and five ZIP codes in Rutherford County (37167, 37086, 37130, 37128, and 37129). The proposed service area will not change due to the latest request for the modifications of conditions to the existing CON. A patient origin chart by ZIP code is located on page 21 of the original application.

The proposed project modifications is expected to open for service in January 2017.

Facility Information

- The total square footage of the proposed ASTC is 5,900 square feet. A floor plan drawing is included in Attachment B.IV.—Floor Plan.
- The proposed ASTC will contain two operating rooms, one procedure room, five recovery rooms, one sterile processing room, one sterile storage room, one consultation room, waiting area, and two rooms for future build-out.

History

- The applicant was initially approved on February 23, 2005 in CN0411-103A for the establishment of an ASTC consisting of one operating room and two procedure rooms limited to providing ambulatory surgery and pain management services to the patients of Tennessee Sports Medicine and Orthopedics, P.C.
- On September 22, 2010 the applicant was approved (CN1006-025A) for the conversion of one procedure room to an operating room (resulting in two operating rooms and one procedure room) and removed conditions limiting the use of the facility to Tennessee Sports Medicine and Orthopaedics, P.C. physicians only.

Ownership

- Tenn SM, LLC dba Providence Surgery Center is an active Tennessee for-profit Limited Liability Company formed in September 2003.
- Tenn SM, LLC is owned by non-physician partners Robert Biscan (37.77%) and Saint Thomas/USP Surgery Centers, LLC (36.67); and the following physician partners and entities: James Eby, MD (4.26%), Tarek Elalyli, MD

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- (4.26%), Charles Kaelin, Jr., MD (4.26%), KLN Management, LLC (4.26%), S Dixit MD Inc. (4.26%), and Christopher K. Taleghani, MD (4.26%).
- Saint Thomas Health and United Surgical Partners International jointly own and operate 14 endoscopy and surgery centers including five in Davidson County, three in Rutherford County, two in Wilson County and one each in Coffee, Montgomery, Sumner, and Williamson Counties.
 - A map and chart listing the names and addresses of all 14 endoscopy and surgery centers is located in the attachments of the original application.

NEED

Project Need

The applicant states a certificate of need for a modification to its existing multi-specialty ASTC is being requested for the following reasons:

- The only other multispecialty ASTC (3 ORs, 1 PR) in Wilson County, Lebanon Surgery Center (Tennova Healthcare-Lebanon, F/k/a University Medical Center) is no longer in operation.
- The three existing ASTCs in Wilson County are restricted to gastroenterology, ophthalmology, orthopedics and pain management specialties.
- The only hospital in Wilson County (Tennova Healthcare-Lebanon) reported 87.6% outpatient surgical utilization in 2014 above the 70% minimum utilization level.
- Four of the ASTCs offering ENT services in the applicant's secondary service area are operating above the 70% minimum optimum utilization level while all 14 existing ASTCs are operating slightly below the minimum (67.2%)

Service Area Demographics

Providence Surgery Center's primary service area (PSA) consists of Davidson, Wilson, and Rutherford Counties. Based on the applicant's patient origin by 2015 ZIP code data, 67% of patients resided in 15 contiguous ZIP codes in Davidson, Wilson, and Rutherford Counties.

Highlights of the applicant's proposed service area are provided as follows:

- The total population of the PSA is estimated at 1,128,159 residents in CY 2016 increasing by approximately 7.3% to 1,210,932 residents in CY 2020.
- The overall Tennessee statewide population is projected to grow by 4.3% from 2016 to 2020.
- Residents age 65 and older account for approximately 12.7% of the total PSA population compared to 17.8% statewide.
- The age 65 and older resident population is expected to increase by 18.4% compared to 16% statewide from CY2016 - CY2020.

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- The number of residents enrolled in TennCare is approximately 20.1 % of the total PSA population compared to 22.9% statewide.

Service Area Historical Utilization

According to the Department of Health, in 2015 there were eight licensed single-specialty ASTCs and 6 multi-specialty ASTCs in the defined ZIP code service area.

County	Single Specialty ASTC	2013			2014			2015			Overall % change 13'-15'		
		Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Oper. Cases	Proc. Roo ms		Proc. Cases	
Davidson	Associated Endoscopy	0	3	4,438	0	3	5,031	0	0		3	5,453	+22.8%
	Southern Endoscopy	0	3	2,695	0	3	2,711	0	0		3	3,356	+24.5%
	Tennessee Pain Surgery Center	1	3	9,985	1	3	8,169	1	1,514		3	6,060	-24.1%
Rutherford	Mid-State Endoscopy Center	0	2	1,632	0	2	3,209	0	0		2	2,160	+32.3%
	Spine and Pain Surgery Center, LLC	0	0	0	0	1	92	0	0		1	841	N/A
	Williams Surgery Center (Podiatry)	1	0	56	1	0	67	1	56		0	0	0.0%
Wilson	Lebanon Endoscopy Center	0	2	2,140	0	2	1,893	0	0		2	1,931	-9.8%
	Wilson County Eye Surgery Center	1	1	1,145	1	1	1,262	1	987		1	356	+17.3%
Service Area	Single-Specialty Subtotal	3	14	22,091	3	15	22,434	3	2,557		15	20,157	+2.8%
	Multi-specialty ASTCs												
Davidson	Premier Orthopedic Surgery Center	2	0		2	0	2,543	2	2,165		0	0	-5.7%
Davidson	Summit Surgery Center	5	1		5	1	5,339	5	4,105		1	264	-20.2%
Rutherford	Middle Tennessee Ambulatory Surgery Center	6	1		6	1	6,275	6	5,837		1	873	+2.4%
Rutherford	Physicians Pavilion Surgery Center	4	1		4	1	2,823	4	1,991		1	568	-15.6%
Rutherford	Surgicare of Murfreesboro Med Clinic	3	3		3	3	8,867	3	4,034		3	5,456	+11.4%
Rutherford	Providence Surgery Center	2	1		2	1	707	2	542		1	131	-12.7%
Service Area	Multi-specialty ASTCs Subtotal	22	7	26,645	22	7	26,554	22	18,674	7	7292	-02.5%	
	Grand Total	25	21	48,736	25	22	48,988	25	21,231	22	27,449	-0.11%	

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports

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The above utilization table reflects the following:

- Overall, the proposed 3 County Zip Code service area experienced a 2.8% increase in Single Specialty ASTC surgical cases from 22,091 in 2013 to 22,714 in 2015.
- The applicant, Providence Surgery Center, experienced a 12.7% decrease in total surgical cases from 771 cases in 2013 to 542 cases in 2015.
- The proposed 3 County Zip Code service area experienced a 2.5% decrease in Multi-Specialty Specialty ASTC surgical cases (OR +PR) from 26,645 in 2013 to 25,966 in 2015.

Note to Agency members: The applicant was asked to provide additional information pertaining to where the surgeons, who are expected to utilize the proposed ASTC, are currently performing surgeries. The information provided by the applicant is summarized below:

Listed below are the 2015 outpatient surgery utilization patterns of supporting surgeons by specialty who have shared 2015 surgical utilization data with Providence Surgery Center. The data listed below is intended to reflect outpatient surgical cases.

Supporting Surgical Specialties	# of Physicians	Providence Center	ODC Premier Radiology	Summit MC	Tennova Lebanon	Summit Surgery Center	Premier Orthopedic Center	TN Orthopedic Imaging
Pain	2	150	1,508	11	0	0	1	0
Orthopedic	12	507	636	911	364	128	256	117
ENT	4	0	0	72	596	171	0	0

Source: CN1608-031

Applicant's Projected Utilization

The following are Providence Surgery Center's surgical case projections by specialty for Year One and Year Two.

Specialty	# of Surgeons	Year 1 OR Cases	Year 1 PR Cases	Year 2 OR Cases	Year 2 PR Cases
Orthopedics	7	557		652	
ENT	4	623		729	
Pain Management	2		286		334
Total	13	1,180	286	1,381	334

Source: CN1608-031, Supplemental #1

- In Year One, ENT surgery will represent 623 OR cases, or 52.7% of the total OR cases projected by Providence Surgery Center.
- Orthopedic Surgery will represent 557 OR cases, or 47.2% of the total OR cases projected by the applicant in Year One.

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- All projected procedure utilization will consist of 286 pain management procedures in Year One and 334 in Year Two.
- All projections are based upon ASTC utilization by seven orthopedic surgeons, two pain management specialists, and approximately four ENT surgeons.

ECONOMIC FEASIBILITY

Project Cost

Major costs of the \$235,387 total estimated project cost are as follows:

- Moveable Equipment of \$100,000 or approximately 42.5% of the total project cost.
- Legal, Administrative, Consultant Fees \$50,000 of \$235,387 or approximately 21.2% of total cost.
- For other details on Project Cost, see the Project Cost Chart on page 32 of the application.

Financing

An August 11, 2016 letter from the Chief Financial Officer of Saint Thomas Health certifies that existing cash reserves will be used for the proposed project.

Review of Tennessee SM, LLC's unaudited financial statements as of May 2016 indicates \$15,000 in cash and cash equivalents, total current assets of \$228,000, total current liabilities of \$987,000 and a current ratio of 0.23 to 1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities, which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

In supplemental #1 the applicant states that due to low volume and lower reimbursement rates, Providence Surgery Center has experienced negative cash flow. The applicant states these operating losses have been funded by both Saint Thomas Health and USPI.

Historical Data Chart

The applicant provided a Historical Data Chart for Providence Surgery Center.

- Providence Surgery Center reported net operating losses after capital expenditures of (\$85,659) in FY2013, (\$435,330) in FY2014, and (\$471,528) in FY2014.

Projected Data Chart

The applicant projects \$15,727,969 in total gross revenue on 1,466 surgical cases during the first year of operation and \$18,193,820 on 1,715 surgical cases in Year

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Two (approximately \$10,609 per case)¹⁴. The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$89,450 in Year One increasing to \$523,969 in Year Two.
- Net operating revenue after bad debt and contractual adjustments is expected to reach \$3,790,379 or approximately 20.8% of total gross revenue in Year Two.
- The applicant did not designate any charity care in the Projected Data Chart.

Charges

In Year One of the proposed project, the average charge per surgical case is as follows:

- Average Gross Charge
\$10,728
- Average Deduction from Operating Revenue
\$8,493
- Average Net Charge
\$2,235

Payor Mix

1. TennCare/Medicaid-Charges will equal \$2,280,556 in Year One representing 14.5% of total gross revenue.
2. Medicare/Managed Medicare- Charges will equal \$1,855,900 representing 11.8% of total gross revenue.
3. The applicant contracts with all TennCare Managed Care Organizations that serve the region.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- Providence Surgery Center is currently licensed by the Tennessee Department of Health as a multi-specialty ASTC limited to orthopedics and pain management which expires May 30, 2017.
- A copy of the most recent Department of Health survey dated June 29, 2016 is included in Supplemental #1.

Certification

- The applicant plans to apply for Medicare and Medicaid certification.

Accreditation

- The applicant is accredited by The Joint Commission which expires June 17, 2018.
- A copy of an unannounced Joint Commission Survey on January 14, 2016 is included in Supplemental #1.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant currently has a transfer agreement with Summit Medical Center (Davidson County).

Impact on Existing Providers

- Based upon existing services utilization and outmigration, the proposed project should not impact the existing single/dual specialty ASTCs or hospitals in the service area.
- The applicant lists 7 reasons on page 41 of why the proposal will not have an adverse impact on existing providers in the service area of the project.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

Position Type	Current	Year One FTEs
Registered Nurse	7.5	9.5
Surgical Technicians	2.5	3.5
Administrative Staff	2.0	2.0
Total	12.0	15.0

Source: CN1608-031

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

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Note: Saint Thomas Health has a financial interest in the proposed project and the following.

Denied Projects

Middle Tennessee Imaging, LLC d/b/a Premier Radiology, CN1605-016D, was denied at the October 26, 2016 Agency meeting for the establishment of an outpatient diagnostic center (ODC), acquisition of fixed magnetic resonance imaging (MRI) equipment, and the initiation of MRI services at 980 Professional Park Drive, Suite E in Clarksville (Montgomery County). The estimated cost was **\$941,648.00**. *Reason for Denial: The application did not meet the statutory criteria. The imaging service is located in Clarksville (Montgomery County), there was not an opportunity to examine the need of the other 19 counties in the service area.*

Outstanding Certificates of Need

Saint Thomas West Hospital f/k/a Saint Thomas Hospital, CN1110-037AM, has an outstanding Certificate of Need which will expire on March 1, 2017. The project was approved at the January 25, 2012 Agency meeting for construction of a three phase hospital construction project, including the renovation of 89,134 square feet of existing hospital space and the construction of a six level 135,537 sq. ft. patient tower to be adjoined to the hospital located at 4220 Harding Road, Nashville, TN. The services and areas affected include critical care, operating rooms, patient registration, patient admission and testing, surgery waiting, surgery pre/post-op, emergency department, chest pain clinic, cardiac short stay, PACU, cath lab holding and support space. Major medical equipment included in the project will include one additional GE Discovery CT750 HD 128-slice CT scanner. No additional services or licensed beds are being requested in the project. **Note: Modification of the project was approved at the June 25, 2014 Agency. The total estimated cost of the project was reduced by approximately \$15 million as a result of the elimination of 4 ORs and changes in the construction/renovation of 3 patient floors, shelled space & related infrastructure.** The revised estimated project cost is **\$95,780,000**. *Project Status update: A 10/3/16 email update from a representative of the applicant indicated that the project is continuing and nearing completion. Scheduled for completion in late 2016. The operating rooms and new lobby and patient waiting area are complete, and many of the nursing units have been modernized, with only a few units remaining.*

USPI has an interest in this project and the following:

Outstanding Certificates of Need

Bartlett ASC, LLC, CN1605-020A, has an outstanding Certificate of Need that will expire on December 1, 2018. The project was approved at the October 26, 2016

Providence Surgery Center

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Agency meeting for the establish a multi-specialty ambulatory surgical treatment center (ASTC) to be located in leased space at 0 Kate Bond Boulevard, Bartlett (Shelby County), TN 38133. The proposed ASTC will include two operating rooms and one procedure room. The construction will include an unequipped operating room for future growth. The ASTC will be managed by USP Tennessee, Inc. The estimated project cost is \$9,837,855.18. Project Status: *The project was recently approved.*

Baptist Plaza Surgicare, CN1307-029AM, has an outstanding Certificate of Need which will expire on June 30, 2017. The project was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20th Avenue North Nashville (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. **Note: Modification of the project was approved at the July 23, 2014 Agency meeting.** The total estimated project cost has been reduced by approximately \$10 million. The ASTC will remain in its current location at Medical Plaza 1 on the hospital campus of Saint Thomas-Midtown and relocate from the basement to a new 3rd floor addition with slightly more space. The modification is a significant change to the project's original plan to relocate to a new building constructed on the northeast corner of Church Street and 20th Avenue North near the hospital campus. The revised estimated project cost is \$19,095,948.00. *Project Status Update: An 18 month extension was granted by the Agency at the October 28, 2015 Agency meeting. A 10/3/2016 email update from a representative of the applicant stated that the project is progressing and it is anticipated that construction will be complete in the 1st quarter of 2017; late February or early March.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied or pending applications for similar service area entities proposing this type of service.

Outstanding Certificate of Need

Tennessee Orthopedics, P.C., CN1605-019A, has an outstanding Certificate of Need that will expire on October 1, 2018. The project was approved at the August 24, 2016 Agency meeting for the establishment a multi-specialty ambulatory surgical treatment center (ASTC) to be located in leased space at 101 Physicians Way, Lebanon (Wilson County), TN 37090. The proposed ASTC will include three operating rooms and one procedure room and will be managed by Custom Surgical Consultants, LLC.

Providence Surgery Center

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The estimated project cost is \$2,726,676. *Project Status: The project was recently approved.*

Southern Hills Surgery Center, CN1411-047A, has an outstanding Certificate of Need that will expire July 1, 2017. The project was heard at the May 27, 2015 Agency meeting for the relocation of Southern Hills Surgery Center from 360 Wallace Road, Nashville (Davidson County), TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **\$17,357,832.00**. *Project Status Update: The project is currently under appeal by Saint Thomas Campus Surgicare, L.P., Baptist Surgery Center, L.P., Baptist Plaza Surgicare, L.P., Franklin Endoscopy Center, LLC, and Physicians Pavilion, L.P.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
11/22/2016

LETTER OF INTENT



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Wilson, Davidson, Rutherford, Tennessee, on or before 08/10, 2016
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Tenn SM, LLC d/b/a Providence Surgery Center, an existing ambulatory surgical treatment center (ASTC) provider.
(Name of Applicant) (Facility Type-Existing)

owned by: Tenn SM, LLC with an ownership type of limited liability company
and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of

Need for the [PROJECT DESCRIPTION BEGINS HERE]: conversion of the existing ASTC, which is limited to orthopedic and pain procedures, to a multispecialty ASTC at 5002 Crossing Circle, Suite 110 in Mount Juliet, TN, 37122

(Wilson Co.). No renovation or new construction is required. No major medical equipment will be purchased.

As a part of the project, the existing two operating rooms and one procedure room will be redesignated as a part of a multispecialty ASTC. Total project costs are estimated to be \$235,387.

The anticipated date of filing the application is:

August 15, 2016.

The contact person for this project is

Byron R. Trauger, Esq.

Counsel to Applicant

(Contact Name)

(Title)

who may be reached at:

Trauger & Tuke

222 Fourth Avenue North

(Company Name)

(Address)

Nashville
(City)

TN
(State)

37219
(Zip Code)

615 /256-8585
(Area Code / Phone Number)

(Signature)

(Date)

brt@tnlaw.net
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

Tenn SM, LLC

d/b/a

Providence Surgery
Center

CN1608-031



TENN SM, LLC

D/B/A

PROVIDENCE SURGERY CENTER

**AMBULATORY SURGERY CENTER
MT. JULIET, TN**

**CERTIFICATE OF NEED APPLICATION
AUGUST 2016**



71 Vickery Street
Roswell, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

August 12, 2016

Via Hand Delivery

Melanie Hill, Executive Director
TN Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tenn SM.LLC (Providence Surgery Center) - New CON Application

Dear Ms. Hill:

Please find enclosed one original and two copies of the CON application referenced above. I am also providing a filing fee check for \$15,000.00, the original newspaper notice with masthead intact and a notarized applicant's affidavit.

Thank you for your assistance with this project.

Warm regards,

THE STRATEGY HOUSE, INC.

A handwritten signature in dark ink, appearing to read "R. Limyansky".

Robert M. Limyansky
Partner

enclosures

cc: Corey Ridgway, Market President, USPI
Byron Trauger, Esq., Trauger & Tuke

SECTION A:**APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A." ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.***

For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.

For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.

1. <u>Name of Facility, Agency, or Institution</u>			
<u>Providence Surgery Center</u> Name			
<u>5002 Crossing Circle, Suite 110</u> Street or Route		<u>Wilson</u> County	
<u>Mount Juliet</u> City		<u>TN</u> State	<u>37122</u> Zip Code
2. <u>Contact Person Available for Responses to Questions</u>			
<u>Byron R. Trauger</u> Name		<u>Esquire</u> Title	
<u>Trauger & Tuke</u> Company Name		<u>btrauger@tnlaw.net</u> email address	
<u>222 Fourth Avenue North</u> Street or Route		<u>Nashville</u> City	<u>TN</u> State
<u>37219</u> Zip Code			
<u>Counsel to Applicant</u> Association with Owner		<u>(615) 256-8585</u> Phone Number	<u>(615) 256-7444</u> Fax Number
3. <u>Owner of the Facility, Agency or Institution</u>			
<u>Tenn SM, LLC</u> Name		<u>(615) 533-9100</u> Phone Number	
<u>5002 Crossing Circle, Suite 110</u> Street or Route		<u>Wilson</u> County	
<u>Mount Juliet</u> City		<u>TN</u> ST	<u>37122</u> Zip Code
See Attachment A, 3 (Tab 1) – Corporate Charter documentation			
4. <u>Type of Ownership of Control (Check One)</u>			
A. Sole Proprietorship _____	F. Governmental (State of TN or Political Subdivision) _____		
B. Partnership _____	G. Joint Venture _____		
C. Limited Partnership _____	H. Limited Liability Company <u>X</u>		
D. Corporation (For Profit) _____	I. Other (Specify) _____		
E. Corporation (Not-for-Profit) _____			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

See Attachment A, 3 (Tab 1) – Corporate Charter documentation

See Attachment A, 4 (Tab 2) – Organizational/Ownership Chart

See Attachment A, 4 (Tab 3) – Related Healthcare Institutions

5. **Name of Management/Operating Entity (If Applicable)**

USP Tennessee, Inc. (United Surgical Partners International)

Name

8 Cadillac Drive, Suite 200

Williamson

Street or Route

County

Brentwood

TN

37027

City

ST

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

See Attachment A, 5 (Tab 4) – Management Agreement.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership

D. Option to Lease

B. Option to Purchase

E. Other (Specify)

C. Lease of 11 YearsX

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

See Attachment A, 6 (Tab 5) – Site Entitlement

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) Acute Care

I. Nursing Home

B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty

J. Outpatient Diagnostic Center

X

K. Recuperation Center

C. ASTC, Single Specialty

L. Rehabilitation Facility

D. Home Health Agency

M. Residential Hospice

E. Hospice

N. Non-Residential Methadone Facility

F. Mental Health Hospital

O. Birthing Center

G. Mental Health Residential

P. Other Outpatient Facility

Treatment Facility

(Specify)

H. Mental Retardation Institutional

Q. Other (Specify)

Habilitation Facility (ICF/MR)

8. **Purpose of Review (Check as appropriate--more than one response may apply)**

A. New Institution

G. Change in Bed Complement

B. Replacement/Existing Facility

[Please note the type of change

C. Modification/Existing Facility

by underlining the appropriate

D. Initiation of Significant Health Care Service as defined in TCA § 68-11-1607(4) (Spec)

response: Increase, Decrease,

Multispecialty ASTC

Designation, Distribution,

X

Conversion, Relocation]

E. Discontinuance of OB Services

H. Change of Location

F. Acquisition of Equipment

I. Other (Specify)

9. **Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
	<u>Licensed *CON</u>			
A. Medical	_____	_____	_____	_____
B. Surgical (General Med/Surg)	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____
*approved but not yet in service	_____	_____	_____	_____

RESPONSE: Not applicable.

10. **Medicare Provider Number** 3287013

Certification Type Ambulatory Surgical Center

11. **Medicaid Provider Number** 1513212

Certification Type Ambulatory Surgical Center

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** N/A

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or *plans to contract*.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

RESPONSE: AmeriGroup, BlueCare, United Healthcare Community Plan and TennCare Select are the TennCare MCOs operating in the area. The applicant is contracted with all of these. Please see **Attachment A, 13 (Tab 6)** for a list of managed care contracts.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: Please see the following executive summary.

PROVIDENCE SURGERY CENTER MODIFICATION OF CONDITIONS TO EXISTING ASTC

Ownership. Tenn SM, LLC d/b/a Providence Surgery Center ("Providence") is a joint venture between Saint Thomas Health, United Surgical Partners International, area physicians and a local medical office building developer. Saint Thomas Health and United Surgical Partners International jointly own and operate 14 endoscopy and surgery centers in the greater Nashville area, including five in Davidson County, three in Rutherford County, two in Wilson County and one each in Coffee, Montgomery, Sumner and Williamson Counties.

Modification of Conditions. Providence has two previous CON approvals. The first, CN0411-103, approved the establishment of an ambulatory surgery treatment center ("ASTC") consisting of one operating room and two procedure rooms limited to providing ambulatory surgery and pain management services to the patients of Tennessee Sports Medicine & Orthopaedics, PC. The second, CN1006-028, approved the conversion of one procedure room to an operating room (resulting in two operating rooms and one procedure room) and removed the limitations for the use of the facility by physicians in Tennessee Sports Medicine & Orthopaedics, PC only.

Services and Equipment. Today, after another six years, Providence seeks approval to modify its authorized multispecialty status from orthopedics and pain management to all specialties, including but not restricted to otolaryngology (“ENT”), obstetrics/gynecology, podiatry and general surgery. There will be no changes to the existing location or the two operating rooms and one procedure room. Only additional instrument trays are required to implement the project.

Service Area. Providence Surgery Center is located in the city of Mount Juliet and serves Wilson County along with contiguous zip codes in Davidson and Rutherford counties. The primary service area is currently comprised of four zip codes in Wilson County (37122, 37087, 37090, 37184). The secondary service area is comprised of six zip codes in Davidson County (37076, 37138, 37214, 37013, 37211, 37217) and five zip codes in Rutherford County (37167, 37086, 37130, 37128, 37129). The proposed service area will not change due to this latest request for the modification of conditions.

Need. Modification of the conditions to Providence Surgery Center’s prior CON approvals is the most efficient way to improve access to high quality and cost-effective outpatient surgery services to patients and payers in the service area.

- The only multispecialty ASTC in Wilson County, Lebanon Surgery Center (Tennova Healthcare – Lebanon, f/k/a University Medical Center), is no longer operational. It did not serve any patients in 2014 and has not filed a Joint Annual Report (“JAR”) for 2015. It was authorized for three operating rooms and one procedure room.
- The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management.
- The four existing ASTCs in the secondary service area offering ENT services are above the 70% minimum utilization level while all 14 existing ASTCs are only slightly below the minimum (67.2%).
- The only hospital-based outpatient operating rooms in Wilson County (Tennova Healthcare – Lebanon) reported 87.6% utilization.
- The only ASTC services outside of Lebanon in Wilson County are at Providence in Mount Juliet. Mount Juliet is the most populous and fastest growing city in Wilson County.
- Providence’s ASTC was last profitable in 2013. As indicated by the various physician letters of support, Providence can achieve improved operational efficiency and financial sustainability with this requested modification of conditions.
- At the same time, patients and payers will continue to benefit from Providence’s lower cost freestanding ASTC rates compared to a higher cost hospital-based ambulatory surgery center.

- Finally, Providence meets two criteria for special HSDA consideration.
 - All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
 - Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

Existing Resources. The benefits above can be achieved with no or minimal negative effects on the health care system.

- Similar ASTC services are not available in either Wilson County or the city of Mount Juliet.
- Projected population growth will continue to support the need for existing providers.
- No new construction or facility renovations are required, merely additional surgical trays.
- Additional staffing will be minimal and can be recruited from existing Saint Thomas Health and United Surgical Partners resources.

Project Cost. The total cost of the project will be only \$235,387, which includes minor equipment costs, contingencies, CON filing fees and the fair market value of the remaining space lease.

Funding, Financial Feasibility. Providence's joint venture partner, Saint Thomas Health, will provide the modest amount of funding necessary to implement the project. The expansion of services is projected to produce a positive financial return. The project will have no adverse impact on existing patient charges.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: Not applicable. There will be no construction or modification of the existing facility. Therefore, the square footage chart and cost per square footage chart has not been completed. As indicated above, additional operating room equipment with a cost of less than \$100,000 will be purchased for this conversion. No construction or renovation costs will be required.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: Not applicable. This existing outpatient surgery center modification does not involve beds.

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: Not applicable. Providence Surgery Center is an existing Ambulatory Surgical Treatment Center ("ASTC") with two operating rooms and one procedure room. This project proposes to modify two previous CON approval conditions to expand ASTC services for specialties not offered in Wilson County.

D. Describe the need to change location or replace an existing facility.

RESPONSE: Not applicable. There will be no construction or modification of the existing facility.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

- a. Describe the new equipment, including:
 1. Total cost; (As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.

RESPONSE: Not applicable. No major medical equipment purchases are proposed.

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

RESPONSE: Not applicable. No mobile major medical equipment purchases are proposed.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not applicable. As described above, no major medical equipment purchases are proposed.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

- 1. Size of site (*in acres*);
- 2. Location of structure on the site; and
- 3. Location of the proposed construction.
- 4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: Please see **Attachment B, III.(A) (Tab 7)** for a copy of the plot plan. The existing ASTC occupies space on the first floor of the medical office building. There will be no construction or modification of the existing facility.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: Providence Surgery Center is located on the southwest quadrant of the intersection of Mt. Juliet Road and I-40. The site is highly accessible to patients due to the proximity of I-40.

In addition, commuter train service provided by the Regional Transportation Authority of Middle Tennessee connects Mount Juliet to Martha and Lebanon in Wilson County as well as downtown Nashville in Davidson County. Please see **Attachment B, III.(B).1 (Tab 8)** for a route map.

Due to patient discharge policies, however, train and taxi access is not advisable. Patients arrive and leave via private automobile.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

RESPONSE: There will be no construction or modification of the existing facility. Please see **Attachment B, IV (Tab 9)** for the floor plan schematics.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

RESPONSE: Not applicable. The project does not involve a Home Health Agency or Hospice.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the *State Health Plan* and *Tennessee's Health: Guidelines for Growth*.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE: This project is consistent with the criteria for "Ambulatory Surgical Treatment Centers," effective May 23, 2013. It is also consistent with the "5 Principles for Achieving Better Health" found in the *State Health Plan*.

AMBULATORY SURGERY TREATMENT CENTERS

Determination of Need

1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: Providence Surgery Center is an existing ASTC with two operating rooms and one procedure room. This project proposes to modify previous CON approval conditions to expand ASTC services for specialties not offered in Wilson County.

Providence seeks approval to modify its authorized multispecialty status from orthopedics and pain management to all specialties, including but not restricted to otolaryngology ("ENT"), obstetrics/gynecology, podiatry and general surgery. There will be no changes to the existing location or the two operating rooms and one procedure room.

Beginning with actual utilization for the 12 months ending March 2016, Providence performed 680 total cases (547 OR and 133 PR). Conservatively, projections are based on minimal case increases ("low" scenario as opposed to "medium" and "high" volume scenarios) for:

- orthopedics (528 cases),
- pain (144 cases) and
- ENT (114 cases) only
- (786 total case increase + 680 historical = 1,466 Year 1).

**Providence Historical and Projected ASTC Utilization
Cases**

	Trail 12 mo March 2016	Year 1 2017	Year 2 2018
Cases			
OR	547	1,180	1,381
PR	133	286	334
	680	1,466	1,715
Rooms			
OR	2	2	2
PR	1	1	1
Cases/Rm			
OR	273.5	590.0	690.5
PR	133.0	286.0	334.0

These projections are based on the following physician needs provided to Providence.

- Existing Premier Orthopedics and Tennessee Orthopedics Alliance physicians adding two more surgeons.
- Existing Allergy and ENT Associates of Middle Tennessee physicians adding one more surgeon.
- The addition of another ENT physician.

As demonstrated above, Providence has existing available capacity to meet the service area need for comprehensive ASTC services not currently offered in Wilson County. Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
- Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

The following factors contribute to the lack of access to ASTC services in Wilson County.

- The only multispecialty ASTC in Wilson County, Lebanon Surgery Center (Tennova Healthcare – Lebanon, f/k/a University Medical Center), is no longer operational. It did not serve any patients in 2014 and has not filed a Joint Annual Report ("JAR") for 2015. It was authorized for three operating rooms and one procedure room.
- The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management.
- The four existing ASTCs in the secondary service area offering ENT services are above the 70% minimum utilization level while all 14 existing ASTCs are only slightly below the minimum (67.2%).
- The only hospital-based outpatient operating rooms in Wilson County (Tennova Healthcare – Lebanon) reported 87.6% utilization.
- The only ASTC services outside of Lebanon in Wilson County are at Providence in Mount Juliet. Mount Juliet is the most populous and fastest growing city in Wilson County.
- Providence's ASTC was last profitable in 2013. As indicated by the various physician letters of support, Providence can achieve improved operational efficiency and financial sustainability with this requested modification of conditions.
- At the same time, patients and payers will continue to benefit from Providence's lower cost freestanding ASTC rates compared to a higher cost hospital-based ambulatory surgery center.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

RESPONSE: Projections provided below are based on the assumptions found in the ASTC standards and criteria for operating rooms and procedure rooms.

**Providence Projected ASTC Utilization
Hours**

	Year 1 2017	Year 2 2018
Cases		
OR	1,180	1,381
PR	286	334
	1,466	1,715
Min/Case		
OR	95	95
PR	45	45
Total Min		
OR	112,100	131,195
PR	12,870	15,030
	124,970	146,225
Total Hours		
OR	1,868.3	2,186.6
PR	214.5	250.5
	2,082.8	2,437.1

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: As stated previously, there are no multispecialty ASTCs in the primary service area (Wilson County). The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management. Furthermore, the existing ASTCs in the secondary service area are above or near the 70% minimum utilization standard.

2015 ASTC Utilization in the Providence Service Area

County	Zip Code	Facility Name	ORs	OR Cases	OR Cases per OR
Davidson	37076	Associated Endoscopy	0	0	0
	37211	Premier Orthopaedic Surg Cntr	2	2,165	1,083
	37211	Southern Endoscopy Center	0	0	0
	37076	Summit Surgery Center	5	4,105	821
	37013	Tennessee Pain Surgery Center	1	1,514	1,514
Wilson	37090	Lebanon Endoscopy Center	0	0	0
	37122	Providence Surgery Center	2	542	271
	37087	Wilson County Eye Surgery Center	1	987	987
Rutherford	37130	Mid-State Endoscopy Center	0	0	0
	37129	Middle TN Ambulatory Surg Center	6	5,837	973
	37167	Physicians Pavillion Surgery Center	4	1,991	498
	37167	Spine and Pain Surgery Center, LLC	0	0	0
	37129	Surgicare of Murfreesboro Med Clinic	3	4,034	1,345
	37129	Williams Surgery Center (podiatry)	1	56	56
		Total Prim Svc Area (14 facilities)	25	21,231	849

Source: Tennessee Department of Health - JARs 2015

Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
 - Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.
4. **Need and Economic Efficiencies.** An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are know and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

RESPONSE: As stated previously, there are no multispecialty ASTCs in the primary service area (Wilson County). The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management. Furthermore, the existing ASTCs in the secondary service area are above or near the 70% minimum utilization standard.

Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
- Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

With regard to economic efficiencies, Providence's ASTC was last profitable in 2013. As indicated by the various physician letters of support, Providence can achieve improved operational efficiency and financial sustainability with this requested modification of conditions. At the same time, patients and payers will continue to benefit from Providence's lower cost freestanding ASTC rates compared to a higher cost hospital-based ambulatory surgery center.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: These items are addressed in the responses to Questions 1 – 4, above. Please note that Providence Surgery Center is an existing multispecialty ASTC seeking to remove its remaining multispecialty CON conditions (i.e., Providence is not proposing to establish a Specialty ASTC).

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

RESPONSE: Based on Providence's 2015 zip code patient origin data, 67% of patients resided in 15 contiguous zip codes. The primary service area is currently comprised of four zip codes in Wilson County (37122, 37087, 37090, 37184). The secondary service area is comprised of six zip codes in Davidson County (37076, 37138, 37214, 37013, 37211, 37217) and five zip codes in Rutherford County (37167, 37086, 37130, 37128, 37129). The proposed service area will not change due to this latest request for the modification of conditions.

The majority of the population in Providence's service area resides within 60 minutes average driving time to the facility.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

RESPONSE: Providence Surgery Center is located on the southwest quadrant of the intersection of Mt. Juliet Road and 1-40. The site is highly accessible to patients due to the proximity of I-40.

In addition, commuter train service provided by the Regional Transportation Authority of Middle Tennessee connects Mount Juliet to Martha and Lebanon in Wilson County as well as downtown Nashville in Davidson County. Please see **Attachment B, III.(B).1 (Tab 8)** for a route map.

Due to patient discharge policies, however, train and taxi access is not advisable. Patients arrive and leave via private automobile

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Providence's proposed service area is not projected to change due to this latest request for the modification of conditions.

**Providence Surgery Center
Historical and Projected Patient Origin**

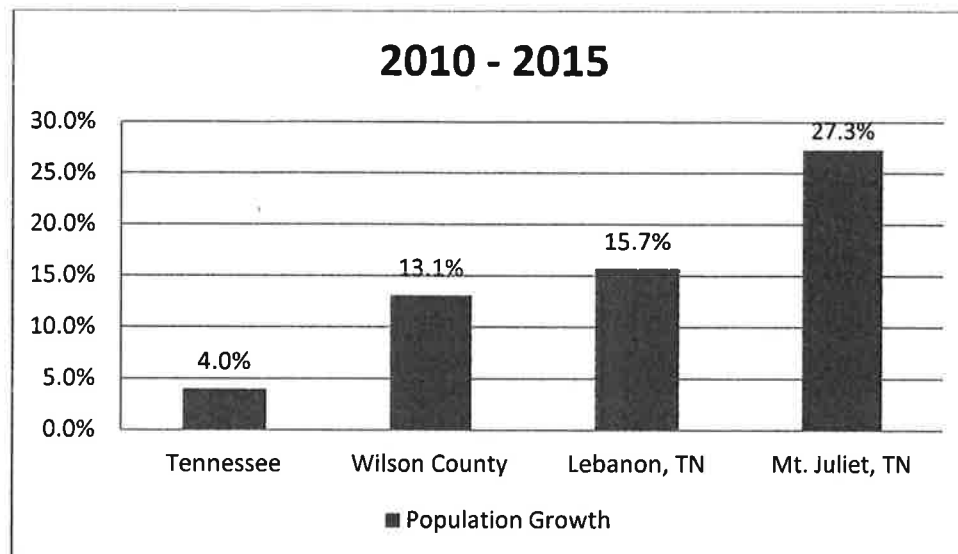
County	Zip Code	2015	2015	Year 1	Year 2
Total Patients		692		1,466	1,715
WILSON	37122	122	17.6%	258.5	302.4
WILSON	37087	71	10.3%	150.4	176.0
RUTHERFORD	37167	41	5.9%	86.9	101.6
DAVIDSON	37076	33	4.8%	69.9	81.8
DAVIDSON	37138	24	3.5%	50.8	59.5
DAVIDSON	37214	24	3.5%	50.8	59.5
DAVIDSON	37013	21	3.0%	44.5	52.0
RUTHERFORD	37086	21	3.0%	44.5	52.0
WILSON	37090	21	3.0%	44.5	52.0
RUTHERFORD	37130	20	2.9%	42.4	49.6
WILSON	37184	17	2.5%	36.0	42.1
DAVIDSON	37211	15	2.2%	31.8	37.2
RUTHERFORD	37128	15	2.2%	31.8	37.2
DAVIDSON	37217	12	1.7%	25.4	29.7
RUTHERFORD	37129	11	1.6%	23.3	27.3
Subtotal		468		991.5	1,159.9
		67.6%			
OTHER		224		474.5	555.1

Source: Internal records

Relatively few patients are projected to be served from outside Tennessee.

Mount Juliet is now the largest city in Wilson County. According to US Census data for 2010 and 2015, the population in Mount Juliet grew an astonishing 27.3% compared to 15.7% for Lebanon, 13.1% for Wilson County and just 4.0% for Tennessee overall. This is consistent with the support letter from Mayor Ed Hagerty of the City of Mount Juliet, citing examples of job growth in the area.

**Providence Surgery Center
Service Area Population Growth Comparisons**



Source: US Census

In addition, more detailed county-level population data from the Department of Health and the US Census are reported below.

**Providence Surgery Center
County-Level Service Area Demographics**

Variable	Wilson	Davidson	Rutherford	Service Area	Tennessee
Current Year (2016), Age 65+	19,933	77,571	31,869	129,373	1,091,516
Projected Year (2020), Age 65+	24,411	88,314	40,458	153,183	1,266,295
Age 65+, % Change	22.5%	13.8%	27.0%	18.4%	16.0%
Age 65+, % Total (PY)	17.6%	12.4%	11.3%	12.7%	17.8%
CY, Total Population	129,094	680,427	318,638	1,128,159	6,812,005
PY, Total Population	138,561	714,756	357,615	1,210,932	7,108,031
Total Pop. % Change	7.3%	6.6%	12.2%	7.3%	4.3%
TennCare Enrollees	20,067	154,343	52,654	227,064	1,557,953
TennCare Enrollees as a % of Total Population (2016)	15.5%	22.7%	16.5%	20.1%	22.9%
Median Age (2015)	40.2	34.4	33.4	N/A	38.6
Median Household Income (2014)	\$60,095	\$47,434	\$55,096	N/A	\$44,621
Population % Below Poverty Level (2014)	10.4%	18.8%	13.3%	N/A	18.3%

Source: Department of Health and US Census

In summary, these data demonstrate that:

- The service area's projected population change of 7.3% from 2016 to 2020 is almost twice the rate for Tennessee overall (4.3%).
- Wilson County, where Providence is located and the project's primary service area, has the highest median age (40.2 years). It is also the wealthiest, with the least amount of poverty.

All assumptions, including the specific methodology by which utilization is projected, is provided in the response to Question 1, above.

Alternatives to this latest Providence project are few in number. As stated previously, there are no multispecialty ASTCs in the primary service area (Wilson County). The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management. Furthermore, the existing ASTCs in the secondary service area are above or near the 70% minimum utilization standard.

Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
- Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: All assumptions, including the specific methodology by which utilization is projected, is provided in the response to Question 1, above. Quarterly patient volumes are based upon United Surgical Partner's extensive experience managing ASTCs throughout the nation generally and at Providence specifically.

**Providence Surgery Center
Projected Cases by Quarter**

Projection	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Cases	1	341	360	375	390	1,466
Cases	2	405	420	435	456	1,715

Source: Internal records

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as

the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

RESPONSE: Providence Surgery Center is currently accredited by The Joint Commission. This accreditation will be maintained upon CON approval. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 18)**.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: As an existing licensed and accredited facility, Providence already has qualified staff and credentialing processes in place to support the delivery of quality patient care.

Conservative projections are based upon ASTC utilization by seven orthopedic surgeons, two pain management specialists and approximately four ENT surgeons (13 total).

As described later in the application, full-time equivalent staff are expected to increase from 12.0 currently to approximately 15.0. Both Saint Thomas Health and United Surgical Partners have extensive recruitment resources which will be utilized to staff the Providence project.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

RESPONSE: Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under these ASTC access special considerations.

The following factors contribute to the lack of access to ASTC services in Wilson County.

- The only multispecialty ASTC in Wilson County, Lebanon Surgery Center (Tennova Healthcare – Lebanon, f/k/a University Medical Center), is no longer operational. It did not serve any patients in 2014 and has not filed a Joint Annual Report ("JAR") for 2015. It was authorized for three operating rooms and one procedure room.
- The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management.
- The four existing ASTCs in the secondary service area offering ENT services are above the 70% minimum utilization level while all 14 existing ASTCs are only slightly below the minimum (67.2%).
- The only hospital-based outpatient operating rooms in Wilson County (Tennova Healthcare – Lebanon) reported 87.6% utilization.

- The only ASTC services outside of Lebanon in Wilson County are at Providence in Mount Juliet. Mount Juliet is the most populous and fastest growing city in Wilson County.
- Providence's ASTC was last profitable in 2013. As indicated by the various physician letters of support, Providence can achieve improved operational efficiency and financial sustainability with this requested modification of conditions.
- At the same time, patients and payers will continue to benefit from Providence's lower cost freestanding ASTC rates compared to a higher cost hospital-based ambulatory surgery center.

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

RESPONSE: All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county). Please see the June 2016 MUA map from the Tennessee Department of Health, provided in **Tab 11**.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

RESPONSE: Not applicable. Providence is an existing ASTC.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

RESPONSE: Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients, with 11.8% and 14.5% of gross revenues, respectively.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: Not applicable. Providence is not seeking special consideration for case times.

5 PRINCIPLES FOR ACHIEVING BETTER HEALTH

Each of the 5 Principles for Achieving Better Health is addressed below.

Principle 1: Healthy Lives - *"The purpose of the State Health Plan is to improve the health of Tennesseans."*

RESPONSE: Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Surgical services proposed by Providence Surgery Center will help in the

treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

Principle 2: Access to Care - *"Every citizen should have reasonable access to health care."*

RESPONSE: Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, "getting access to sites of care where patients can receive needed services." The proposed modification of conditions at Providence Surgery Center is designed to, among other goals, increase patient accessibility by expanding ASTC services not currently available in Wilson County.

Principle 3: Economic Efficiencies - *"The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system."*

RESPONSE: Recognizing the benefits of outpatient surgery centers such as the Providence Surgery Center ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Providence Surgery Center play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. In 2014, the Lebanon Surgery Center multispecialty ASTC under Tennova Healthcare – Lebanon (f/k/a University Medical Center) ceased operations. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs were reimbursed at about half the rate as hospital-based facilities. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Principle 4: Quality of Care - *"Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers."*

RESPONSE: As an existing licensed and accredited provider of quality patient services, without regard to patient gender, ethnicity, geographic location or socioeconomic status, Saint Thomas Health and Providence Surgery Center are equitable healthcare providers. This same level of commitment will continue with the proposed operating room expansion.

Principle 5: Health Care Workforce - *"The state should support the development, recruitment, and retention of a sufficient and quality health care workforce."*

RESPONSE: While "the state" appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, Providence Surgery Center is an existing healthcare facility with a history of successful staff recruitment and retention.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

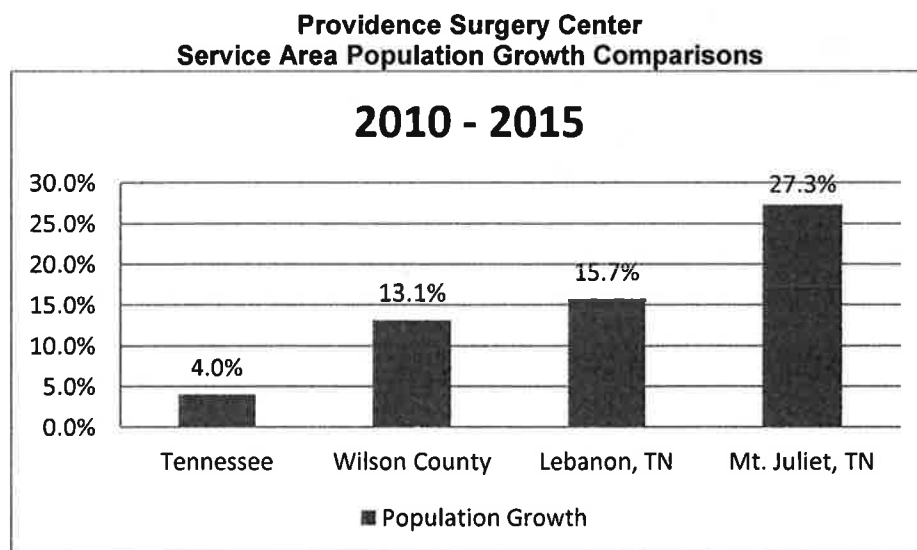
RESPONSE: As a joint venture with Saint Thomas Health, Providence Surgery Center's long-range plan is to assure the availability in Middle Tennessee of high quality, cost-effective and accessible outpatient services. A network of such facilities operated and managed in a coordinated fashion, especially when part of the ACO described above, will result in the optimum use of resources and will be a key component in future models of health care that contemplate broad provider integration.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE: For reasons set forth in the ASTC rules above, Providence Surgery Center's service area for this project is comprised of 15 contiguous zip codes in Wilson, Davidson and Rutherford counties. Please see **Attachment C, Need – 1 (Tab 10)** for a map of the service area.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE: Mount Juliet is now the largest city in Wilson County. According to US Census data for 2010 and 2015, the population in Mount Juliet grew an astonishing 27.3% compared to 15.7% for Lebanon, 13.1% for Wilson County and just 4.0% for Tennessee overall. This is consistent with the support letter from Mayor Ed Hagerty of the City of Mount Juliet, citing examples of job growth in the area.



Source: US Census

In addition, more detailed county-level population data from the Department of Health and the US Census are reported below.

**Providence Surgery Center
County-Level Service Area Demographics**

Variable	Wilson	Davidson	Rutherford	Service Area	Tennessee
Current Year (2016), Age 65+	19,933	77,571	31,869	129,373	1,091,516
Projected Year (2020), Age 65+	24,411	88,314	40,458	153,183	1,266,295
Age 65+, % Change	22.5%	13.8%	27.0%	18.4%	16.0%
Age 65+, % Total (PY)	17.6%	12.4%	11.3%	12.7%	17.8%
CY, Total Population	129,094	680,427	318,638	1,128,159	6,812,005
PY, Total Population	138,561	714,756	357,615	1,210,932	7,108,031
Total Pop. % Change	7.3%	6.6%	12.2%	7.3%	4.3%
TennCare Enrollees	20,067	154,343	52,654	227,064	1,557,953
TennCare Enrollees as a % of Total Population (2016)	15.5%	22.7%	16.5%	20.1%	22.9%
Median Age (2015)	40.2	34.4	33.4	N/A	38.6
Median Household Income (2014)	\$60,095	\$47,434	\$55,096	N/A	\$44,621
Population % Below Poverty Level (2014)	10.4%	18.8%	13.3%	N/A	18.3%

Source: Department of Health and US Census

In summary, these data demonstrate that:

- The service area's projected population change of 7.3% from 2016 to 2020 is almost twice the rate for Tennessee overall (4.3%).
- Wilson County, where Providence is located and the project's primary service area, has the highest median age (40.2 years). It is also the wealthiest, with the least amount of poverty.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Providence Surgery Center provides services without regard to gender, race, socio-economic status, or ability to pay, and participates in the Medicare and TennCare programs.

In 2020, the 65 and older population is projected to account for 12.7% of the total population in the service area. As a major demographic subgroup of Providence Surgery Center's patient base, the elderly will continue to expect of Providence Surgery Center the same level of service.

In terms of the TennCare population, 20.1% of the service area population is enrolled compared to 22.9% for the state overall. Please see **Attachment C, Need – 4 (Tab 13)**.

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5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE: As stated previously, there are no multispecialty ASTCs in the primary service area (Wilson County). The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management. Furthermore, the existing ASTCs in the secondary service area are above or near the 70% minimum utilization standard.

2015 ASTC Utilization in the Providence Service Area

County	Single/Multi Specialty	Zip Code	Facility Name	ORs	OR Cases	OR Cases per OR
Davidson	Single	37076	Associated Endoscopy	0	0	0
	Multi	37211	Premier Orthopaedic Surg Cntr	2	2,165	1,083
	Single	37211	Southern Endoscopy Center	0	0	0
	Multi	37076	Summit Surgery Center	5	4,105	821
	Single	37013	Tennessee Pain Surgery Center	1	1,514	1,514
Wilson	Single	37090	Lebanon Endoscopy Center	0	0	0
	Multi	37122	Providence Surgery Center	2	542	271
	Single	37087	Wilson County Eye Surgery Center	1	987	987
Rutherford	Single	37130	Mid-State Endoscopy Center	0	0	0
	Multi	37129	Middle TN Ambulatory Surg Center	6	5,837	973
	Multi	37167	Physicians Pavillion Surgery Center	4	1,991	498
	Single	37167	Spine and Pain Surgery Center, LLC	0	0	0
	Multi	37129	Surgicare of Murfreesboro Med Clinic	3	4,034	1,345
	Single	37129	Williams Surgery Center (podiatry)	1	56	56
Total Prim Svc Area (14 facilities)				25	21,231	849

Source: Tennessee Department of Health - JARs 2015

Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)
- Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Details are provided in the discussion of the ASTC rules. Support letters are provided at **TAB 14**. Providence Surgery Center has sufficient capacity to support the projected demand from interested physicians who lack access to adequate ASTC services in Wilson County.

Providence Historical and Projected ASTC Utilization

	JAR 2013	JAR 2014	Trail 12 mo March 2016	Year 1 2017	Year 2 2018
Cases					
OR	765	652	547	1,180	1,381
PR	6	55	133	286	334
	771	707	680	1,466	1,715
Rooms					
OR	2	2	2	2	2
PR	1	1	1	1	1
Cases/Rm					
OR	382.5	326.0	273.5	590.0	690.5
PR	6.0	55.0	133.0	286.0	334.0

Source: HSDA JARs, internal data and projections

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. NOTE: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

RESPONSE: The space lease for the surgery center is valued over the remaining three months of the 11-year initial term including base rent and common area allocations.

No equipment will be purchased with a value over \$50,000.

There will be no construction or modification of the existing facility

PROJECT COSTS CHART
55

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 50,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	
6.	Contingency Fund	\$ 25,000
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over \$50,000)	\$ 100,000
9.	Other	

B. Acquisition by gift, donation, or lease (3 mo remain on initial term):

1.	Facility (inclusive of building and land)	
2.	Building only	\$ 45,387
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	

C. Financing Costs and Fees:

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	

D. Estimated Project Cost (A+B+C) \$ 220,387

E. CON Filing Fee \$ 15,000

F. Total Estimated Project Cost (D+E) \$ 235,387

TOTAL \$ 235,387

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2. Identify the funding sources for this project.
Please check the applicable item(s) below and briefly summarize how the project will be financed.
(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)
- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
 - ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
 - ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
 - ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
 - ☒ E. Cash Reserves (**Tab 15**, Saint Thomas Health has funds available for the project)
 - ☐ F. Other--Identify and document funding from all other sources.
3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: Not applicable. There will be no construction or modification of the existing facility.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: Please refer to the completed charts on the following pages.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE: Average gross patient charge per case, as reported in the Historical Data Chart for 2015, was \$10,814. The average deduction from gross patient charges was \$8,380, resulting in an average net charge per case of \$2,434 (with rounding).

Average gross patient charge per case, as reported in the Projected Data Chart and based on Year 2 projections, is \$10,609. The average deduction from gross patient charges was \$8,399, resulting in an average net charge per case of service of \$2,210. Despite the addition of surgical services, the projected net charges per case are actually projected to be lower with the increased patient case volume.

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January.

	Year 2013	Year 2014	Year 2015
A. Utilization Data (Cases)	<u>790</u>	<u>662</u>	<u>692</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u></u>	<u></u>	<u></u>
2. Outpatient Services	<u>\$8,541,845</u>	<u>\$6,859,277</u>	<u>\$7,483,178</u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u></u>	<u></u>	<u>581</u>
Gross Operating Revenue	<u>\$8,541,845</u>	<u>\$6,859,277</u>	<u>\$7,483,759</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$6,216,658</u>	<u>\$4,940,348</u>	<u>\$5,733,228</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>120,772</u>	<u>95,733</u>	<u>65,609</u>
Total Deductions	<u>\$6,337,430</u>	<u>\$5,036,081</u>	<u>\$5,798,837</u>
NET OPERATING REVENUE	<u>\$2,204,415</u>	<u>\$1,823,196</u>	<u>\$1,684,922</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$457,832</u>	<u>\$395,742</u>	<u>\$419,438</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>	<u></u>
3. Supplies	<u>677,029</u>	<u>752,713</u>	<u>776,290</u>
4. Taxes	<u>17,018</u>	<u>-7,680</u>	<u>2,606</u>
5. Depreciation	<u>299,792</u>	<u>296,206</u>	<u>88,276</u>
6. Rent	<u>147,692</u>	<u>161,818</u>	<u>174,035</u>

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7.	Interest, other than Capital			
8.	Management Fees:			
a.	Fees to Affiliates	132,265	109,392	101,095
b.	Fees to Non-Affiliates			
9.	Other Expenses (Specify)			
	Anesthesia Expense	0	0	7
	Purchased Services	153,539	137,988	134,197
	Utilities and Maintenance	163,492	169,640	224,696
	Other Miscellaneous	44,012	45,304	38,407
	Total Operating Expenses	\$2,092,671	\$2,061,123	\$1,959,047
E.	Other Revenue (Expenses) - Net (Specify)			
	NET OPERATING INCOME (LOSS)	\$111,744	(237,927)	(274,125)
F.	Capital Expenditures			
1.	Retirement of Principal	\$127,815	\$141,775	\$160,456
2.	Interest	69,588	55,628	36,947
	Total Capital Expenditures	\$197,403	\$197,403	\$197,403
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	(\$85,659)	(\$435,330)	(\$471,528)

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Give us information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	2017	2018
A. Utilization Data (Cases)	<u>1,466</u>	<u>1,715</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u></u>	<u></u>
2. Outpatient Services	<u>\$15,727,969</u>	<u>\$18,193,820</u>
3. Emergency Services	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u></u>	<u></u>
Gross Operating Revenue	<u>\$15,727,969</u>	<u>\$18,193,820</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$12,332,604</u>	<u>\$14,265,966</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>118,705</u>	<u>137,475</u>
Total Deductions	<u>\$12,451,309</u>	<u>\$14,403,441</u>
NET OPERATING REVENUE	<u>\$3,276,660</u>	<u>\$3,790,379</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$650,600</u>	<u>\$663,612</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>
3. Supplies	<u>1,296,090</u>	<u>1,322,012</u>
4. Taxes	<u>26,806</u>	<u>59,672</u>
5. Depreciation	<u>98,000</u>	<u>98,000</u>
6. Rent	<u>180,000</u>	<u>187,272</u>

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7.	Interest, other than Capital		
8.	Management Fees:		
a.	Fees to Affiliates	229,366	219,335
b.	Fees to Non-Affiliates		
8.	Other Expenses (Specify)		
	Anesthesia Expense	0	0
	Purchased Services	154,510	157,600
	Utilities and Maintenance	292,000	297,840
	Other Miscellaneous	62,435	63,664
	Total Operating Expenses	\$2,989,807	\$3,069,007
E. Other Revenue (Expenses) – Net (Specify)			
	NET OPERATING INCOME (LOSS)	\$286,853	\$721,372
F. Capital Expenditures			
1.	Retirement of Principal	\$183,858	\$190,914
2.	Interest	13,545	6,489
	Total Capital Expenditures	\$197,403	\$197,403
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$89,450	\$523,969

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6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE: Average gross patient charge per case, as reported in the Historical Data Chart for 2015, was \$10,814. The average deduction from gross patient charges was \$8,380, resulting in an average net charge per case of \$2,434 (with rounding).

Average gross patient charge per case, as reported in the Projected Data Chart and based on Year 2 projections, is \$10,609. The average deduction from gross patient charges was \$8,399, resulting in an average net charge per case of service of \$2,210.

Despite the addition of surgical services, the projected net charges per case are actually projected to be lower with the increased patient case volume. Approval of the modification of conditions at Providence Surgery Center will favorably impact existing patient charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: Information is provided in **TAB 12**. As an ASTC reimbursed as a freestanding ASC, Providence Surgery Center offers a clear cost advantage compared to hospital-based ASCs like Tennova Healthcare - Lebanon. This extends to patient co-payments and deductibles.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE: Providence Surgery Center has been operating at a loss since 2014. Its proposed modification of conditions is financially feasible and represents a cost-effective alternative to hospital-based outpatient services. As indicated in the Projected Data Chart, projected utilization will be sufficient to allow Providence Surgery Center to operate efficiently and effectively.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: As indicated in the Projected Data Chart, projected cash flow will ensure financial viability within two years and over the long-term.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE: The facility currently participates in the TennCare MCOs operating in Middle Tennessee and has a history of providing care regardless of payor source. During the first year of operation, the facility's payor mix is anticipated to be 11.8% Medicare, 14.5% TennCare, and 0.3% self pay. This amounts to a projected \$1,855,900 in Medicare gross charges in Year 1 and \$2,280,556 in TennCare gross charges in Year 1.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE: Please see **Attachment C, Economic Feasibility – 10 (Tab 16)**.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE: Recognizing the benefits of outpatient surgery centers such as the Providence Surgery Center ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Providence Surgery Center play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. In 2014, the Lebanon Surgery Center multispecialty ASTC under Tennova Healthcare – Lebanon (f/k/a University Medical Center) ceased operations. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs were reimbursed at about half the rate as hospital-based facilities. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Modifying the conditions to Providence's existing ASTC became the most cost effective and efficient operational decision.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE: Modifying the conditions to Providence's existing ASTC does not require new construction.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE: Providence Surgery Center has many active managed care contracts in place to provide for seamless care of its patients, including:

- Aetna
- Americhoice TennCare
- Amerigroup TennCare
- Beech Street
- Bluegrass Family Health Plan
- Blue Cross Blue Shield – TN – Ntwk P & S
- BlueCare/TennCare Select
- Bridgestone Firestone – WC arrangement
- Center Care Network
- Cigna HMO, POS, & PPO / Med Solutions
- Corvel
- Coventry / First Health
- Health Payors Organizations (HPO)
- HealthSpring HMO / Medicare Advantage
- Humana – Military – Tricare Prime
- Humana – all products
- Nissan – Work Comp arrangement
- Orchid Medical – Work Comp
- Prime Health
- Multiplan / Private Healthcare Systems
- Novanet – all products
- Signature Health Alliance – access through Bluegrass
- United Healthcare – all products
- USA Managed Care
- Windsor Health Plan of TN – MEDICARE EXTRA

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: Consistent with its prior CON approvals (CN0411-103 and CN1006-028) to improve patient access, Providence is now seeking approval for its modification under the ASTC access special considerations found in Sections 11.a and 11.b of this rule.

- All three service area counties are federally-designated medically underserved areas ("MUAs") (Wilson – entire county; Davidson and Rutherford – partial county)

- Providence has a noteworthy history of providing care to both Medicare and TennCare MCO patients.

The following factors contribute to the lack of access to ASTC services in Wilson County.

- The only multispecialty ASTC in Wilson County, Lebanon Surgery Center (Tennova Healthcare – Lebanon, f/k/a University Medical Center), is no longer operational. It did not serve any patients in 2014 and has not filed a Joint Annual Report (“JAR”) for 2015. It was authorized for three operating rooms and one procedure room.
- The three existing ASTCs in Wilson County are restricted to only a handful of specialties – gastroenterology, ophthalmology, orthopedics and pain management.
- The four existing ASTCs in the secondary service area offering ENT services are above the 70% minimum utilization level while all 14 existing ASTCs are only slightly below the minimum (67.2%).
- The only hospital-based outpatient operating rooms in Wilson County (Tennova Healthcare – Lebanon) reported 87.6% utilization.
- The only ASTC services outside of Lebanon in Wilson County are at Providence in Mount Juliet. Mount Juliet is the most populous and fastest growing city in Wilson County.
- Providence’s ASTC was last profitable in 2013. As indicated by the various physician letters of support, Providence can achieve improved operational efficiency and financial sustainability with this requested modification of conditions.
- At the same time, patients and payers will continue to benefit from Providence’s lower cost freestanding ASTC rates compared to a higher cost hospital-based ambulatory surgery center.

Therefore, Providence’s proposal will not have on an adverse impact on the utilization rates of existing providers in the service area of the project.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: Due to an anticipated increase in the volume of patients served, this project will require a 3.0 full-time equivalent employee (FTE) increase in professional and support staff. There are 12.0 FTEs already at Providence Surgery Center, including 10.0 FTEs serving in clinical functions. The expanded facility will require 15.0 FTEs, including 13.0 FTEs in clinical functions.

Additional candidates are readily available from within the existing surgery center network or in the marketplace in general. Providence Surgery Center will utilize a number of channels to secure needed staff, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Providence Surgery Center all have a history of successfully recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

The table below illustrates current and proposed staffing levels of the proposed project.

**CURRENT AND PROPOSED STAFFING LEVELS
(FULL TIME EQUIVALENTS)**

Position	Current	Proposed	FTE Variance
RN	7.5	9.5	2.0
Surg Tech	2.5	3.5	1.0
Med Assist/Ofc	2.0	2.0	0.0
Total FTEs	12.0	15.0	3.0

The table below profiles comparable positions and salaries for the Nashville-Davidson-Murfreesboro MSA. Providence Surgery Center's salaries and wages (excluding benefits and bonuses) are competitive with the market. Proposed hourly salaries for key positions are presented below.

**NASHVILLE-DAVIDSON-MURFREESBORO MSA
MAY 2015 HOURLY WAGE RATES**

Position	Projected Compensation	Nashville MSA*			
		25th Pctile	Mean	Median	75th Pctile
RN	\$30.36	\$23.44	\$28.49	\$28.28	\$33.82
Surg Tech	\$24.97	\$16.93	\$20.24	\$19.59	\$23.01
Med Assist/Ofc	\$14.79	\$13.23	\$15.87	\$15.54	\$17.97

Sources: Internal sources; US Bureau of Labor Statistics

- Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: A number of channels are utilized to increase staffing, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Providence Surgery Center all have a history of successfully recruiting professional and administrative staff. They provide competitive compensation and benefits and are committed to the retention of existing personnel.

- Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

RESPONSE: Providence Surgery Center has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and accredited facility, Providence Surgery Center has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, Providence Surgery Center maintains quality standards that are focused on continual improvement.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: The applicant is not currently involved in any training programs, but is willing to consider this under the auspices of an appropriate educated institution.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE: Providence Surgery Center is licensed by the Tennessee Department of Health. The current license expires May 30, 2017. Providence Surgery Center has reviewed and understands the licensure requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

RESPONSE: Licensure: Board for Licensing Health Care Facilities, State of Tennessee, Department of Health. The current license expires May 30, 2017. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17)**.

Accreditation: Providence Surgery Center is accredited by The Joint Commission. Accreditation expires June 17, 2018. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 18)**.

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17)**. The current license is valid until May 30, 2017.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: There are no outstanding deficiencies.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: There have been no final orders or judgments placed against Providence Surgery Center or any entity or person with more than 5% ownership.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

RESPONSE: There have been no civil or criminal judgments against Providence Surgery Center or any entity or person with more than 5% ownership.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

RESPONSE: Yes, Providence Surgery Center will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required. Additionally, Providence Surgery Center submits a Joint Annual Report (JAR) to the Department of Health and will continue to do so.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

RESPONSE: Please see Attachment D – Proof of Publication (Tabs 19-20).

DEVELOPMENT SCHEDULE

Tennessee Code Annotated §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the “good cause” for such an extension.

RESPONSE: Please see the project forecast completion chart below. (There will be no construction or renovation of the existing facility.)

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

August 26, 2016**8:38 am****PROJECT FORECAST COMPLETION CHART**

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-160:

12/14/2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	N/A	
2. Construction documents approved by the Tennessee Department of Health	N/A	
3. Construction contract signed	N/A	
4. Building permit secured	N/A	
5. Site preparation completed	N/A	
6. Building construction commenced	N/A	
7. Construction 40% complete	N/A	
8. Construction 80% complete	N/A	
9. Construction 100% complete (approved for occupancy)	N/A	
10. *Issuance of license	30	Jan-17
11. *Initiation of service	0	Jan-17
12. Final Architectural Certification of Payment	N/A	
13. Final Project Report Form (HF0055)	N/A	

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF Tennessee
 COUNTY OF Davidson

Michael Corey Ridgway being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

MCR VP
 SIGNATURE/TITLE

Sworn to and subscribed before me this 11th day of August, 2016 a Notary
 (Month) (Year)

Public in and for the County/State of Davidson / TN

Lori Marlar
 NOTARY PUBLIC

My commission expires 9/10 2018
 (Month/Day) (Year)

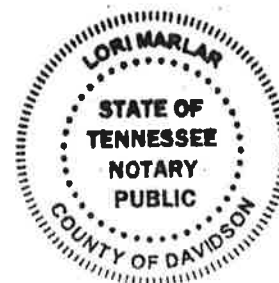


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Attachment A

- Tab 1 - Corporate Charter
- Tab 2 - Organizational/Ownership Charts
- Tab 3 - Related Healthcare Institutions
- Tab 4 - Management Agreement
- Tab 5 - Site Entitlement
- Tab 6 - Medicare Participation

Attachment B

- Tab 7 - Plot Plan
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- Tab 9 - Schematics

Attachment C

- Tab 10 - Service Area Map
- Tab 11 - Medically Underserved Areas
- Tab 12 - Medicare Rate Comparisons
- Tab 13 - Service Area TennCare Population/Demographic Data
- Tab 14 - Support Letters
- Tab 15 - Verification of Funding
- Tab 16 - Balance Sheet and Income Statement
- Tab 17 - Facility License
- Tab 18 - Accreditation

Attachment D

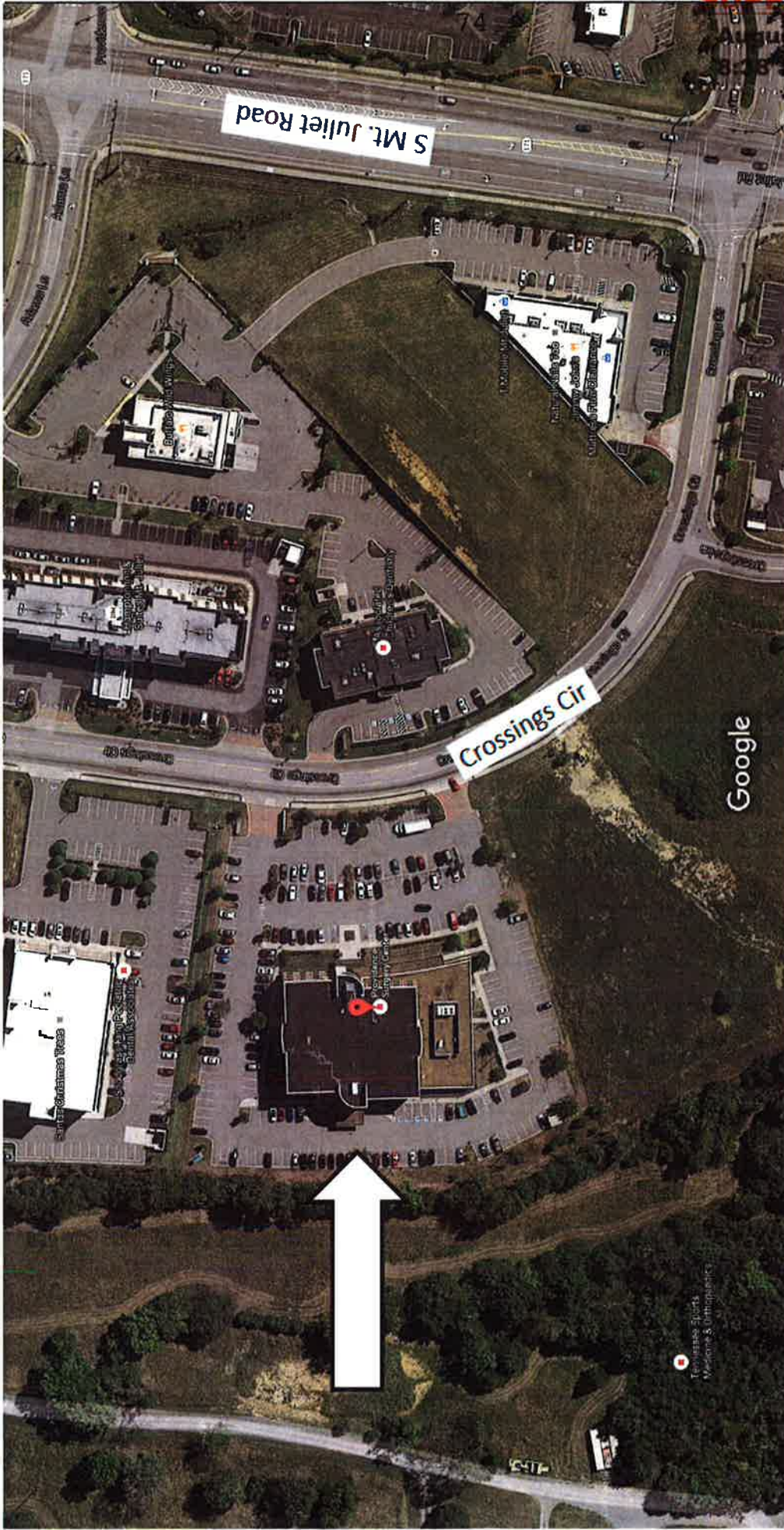
- Tab 19 - Copy of Published Public Notice
- Tab 20 - Letter of Intent

Attachment B

**Plot Plan
Service Area Access
Schematics**

Attachment B, III.(A)

Plot Plan



Site Acreage: 5.14

Providence Surgery Center
5002 Crossing Circle, Suite 110
Mt. Juliet, TN 37122

Tab 8

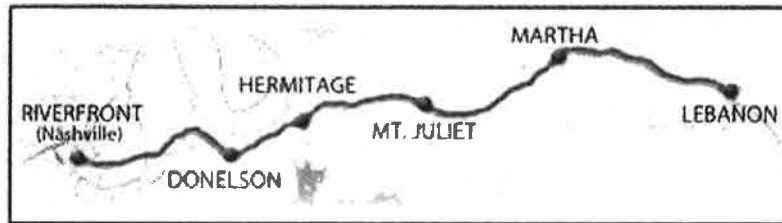
Attachment B, III.(B).1

Service Area Access


[FAQs](#) | [Online Sales](#) | [Text Links](#)
[Select Language](#)



RTA Train Stations



Riverfront Station
Riverfront Station is the destination station for the Music City Star regional train. It is located at **108 1st Avenue South** in downtown Nashville at the foot of Broadway, adjacent to the Flag Court and the Shelby Street Pedestrian Bridge. The station does not include parking facilities; however, space is incorporated into the facility to accommodate efficient connections between regional rail and MTA bus services. Complimentary bus service is provided from the station to nearby areas.



Donelson Station
Donelson Station is located at **2705 Lebanon Pike**. It is directly



north of the intersection of Donelson Pike and Bluefield Avenue and is adjacent to Fifty Forward with direct access to the Park & Ride lot from Donelson Pike. Route 6 Lebanon Pike and Route 34 Opry Mills buses operated by the Nashville MTA also serve the Park & Ride lot. Approximately 230 parking spaces are provided.

Hermitage Station
Hermitage Station is located at **4121 Andrew Jackson Parkway**.



Mt. Juliet Station
Mt. Juliet Station is located at **22 East Division Street**. Approxima



It is directly off of Andrew Jackson Parkway near Old Hickory Boulevard. Route 6 Lebanon Pike buses operated by the Nashville MTA also serve the Park & Ride lot. Approximately 280 parking spaces are provided.

tely 220 parking spaces are provided and has direct access from Division Street.

Martha
Station
Martha
Station is
located at
**65 Martha
Circle**
(State



Route 109 and Powell Grove Road) in Lebanon. It opened as a temporary station when Music City Star service first began due to pending track realignment for improvements to Highway 109. Construction of the permanent station began in December 2009 and was completed in February 2011. Approximately 74 parking spaces are provided.

Lebanon
Station
Lebanon
Station is
the
origination
point for
the Music



City Star's East Corridor Regional Rail line. It is located at **334 W. Baddour Parkway**. Early morning train service begins here and makes stops at the other stations along the route before arriving at Riverfront Station in downtown Nashville. Lebanon Station is located on an old factory site, which is bordered by Baddour Parkway, Greenwood Street and Hill Street. Approximately 140 parking spaces are provided with direct access off of Baddour Parkway.

Regional Transportation Authority of Middle Tennessee

430 Myatt Drive ~ Nashville, TN 37115 phone: (615) 862-8833 fax: (615) 862-6208

email: rta@nashville.gov

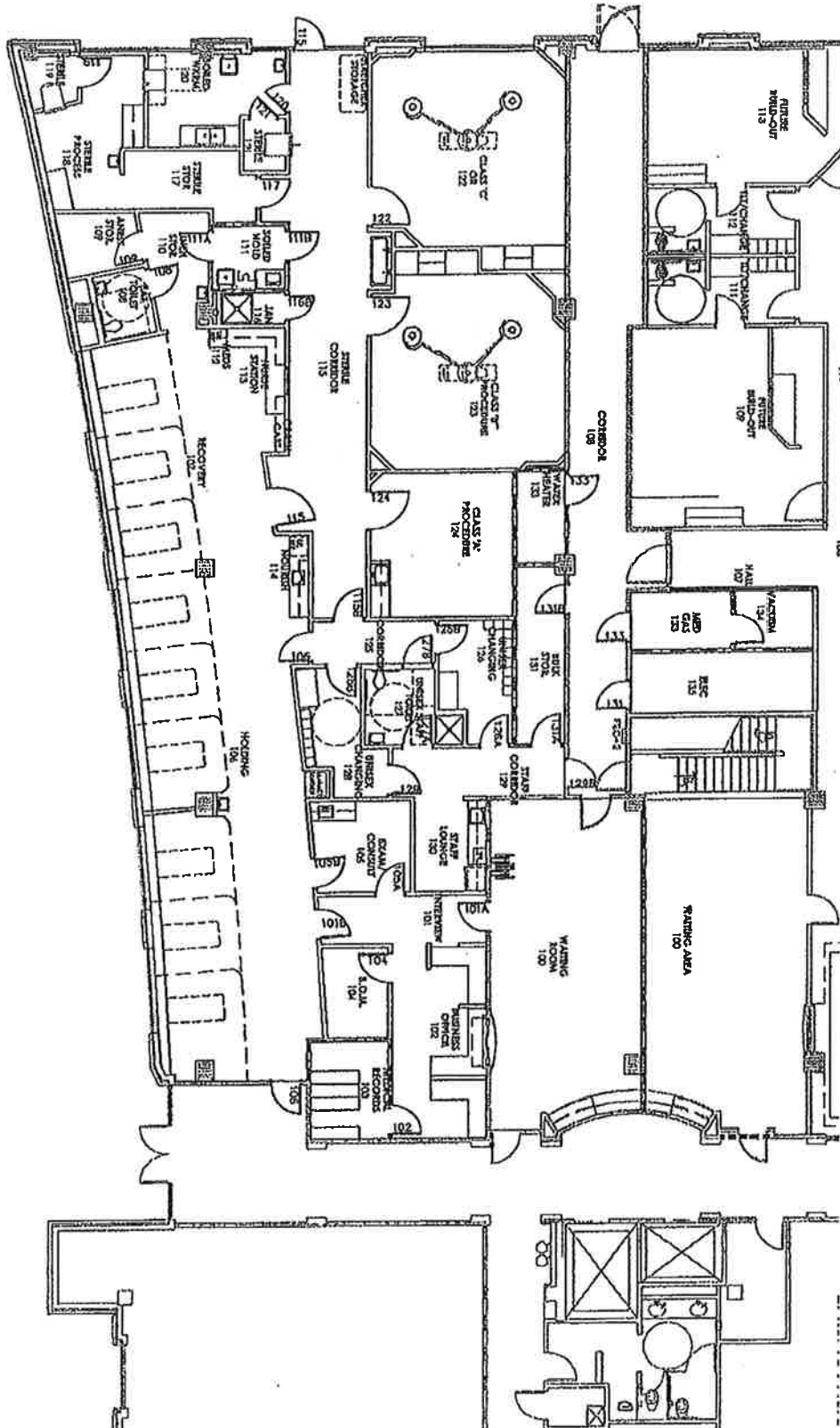
In association with (Tennessee Department of Transportation), (Federal Transit Administration), and (Nashville Area Metropolitan Planning Organization)
RTA is a and a

©2011-2016 Regional Transportation Authority of Middle Tennessee

Attachment B, IV

Schematics

Sectio: 3/37=1-0"



TSMO ASC
TSMO
MOUNT JULIET, TN

PLAN NORTH
5,900.34 U.S.F. (APPROX)
DEEMED TO BE 7,241 R.S.F. (APPROX)



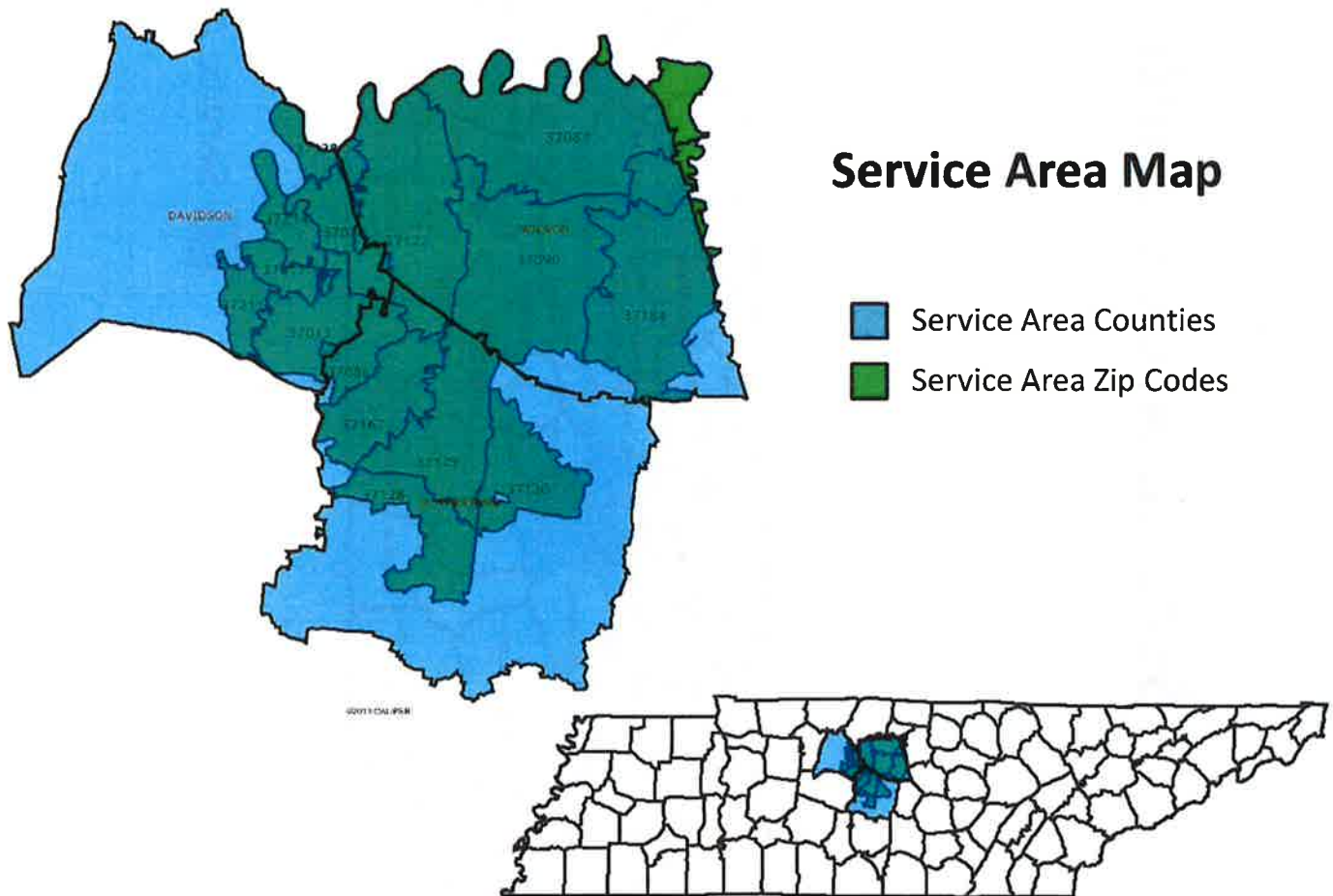
Attachment C

**Service Area Map
Medically Underserved Areas
Medicare Rate Comparisons
Service Area TennCare Population
Support Letters
Verification of Funding
Balance Sheet and Income Statement
Facility License
Accreditation**

**Attachment C
Need - 1**

Service Area Map

A map of Georgia showing its 159 counties. Clayton County is highlighted in blue. The map includes labels for all counties, such as Fulton, DeKalb, Clayton, Cobb, and many others. Clayton County is located in the north-central part of the state, east of DeKalb County and west of Cobb County.



Attachment C
Need - 1

Medically Underserved Areas

[illegible]

Whole County MUA

Partial County MUA

Attachment C
Need - 1

Medicare Rate Comparisons

CPT	Description	Avg Commercial ASC	Est. Avg Commercial HOPD	Medicare	Medicare HOPD
42826	Removal of tonsils	\$ 2,767	\$ 3,432	\$ 855	\$ 1,946
42820	Remove tonsils and adenoids	\$ 2,568	\$ 3,185	\$ 855	\$ 1,946
69436	Create eardrum opening	\$ 1,792	\$ 2,222	\$ 855	\$ 1,267
49505	Prp i/hern init reduc >5 yr	\$ 2,719	\$ 3,371	\$ 1,382	\$ 2,675
58671	Laparoscopy tubal block	\$ 2,987	\$ 3,704	\$ 1,902	\$ 3,779
36561	Insert tunneled cv cath	\$ 2,367	\$ 2,935	\$ 1,188	\$ 2,236
45378	Diagnostic colonoscopy	\$ 1,607	\$ 1,992	\$ 398	\$ 790
43239	Upper gi endoscopy biopsy	\$ 1,607	\$ 1,992	\$ 394	\$ 746
59820	Care of miscarriage	\$ 2,397	\$ 2,972	\$ 984	\$ 1,846
58671	Laparoscopy tubal block	\$ 2,987	\$ 3,704	\$ 1,902	\$ 3,779
58558	Hysteroscopy biopsy	\$ 1,954	\$ 2,423	\$ 984	\$ 1,846
15823	Revision of upper eyelid	\$ 2,302	\$ 2,855	\$ 746	\$ 1,407
66984	Cataract surg w/iol 1 stage	\$ 3,258	\$ 4,041	\$ 923	\$ 1,753
64721	Carpal tunnel surgery	\$ 1,768	\$ 2,193	\$ 736	\$ 1,384
29881	Knee arthroscopy/surgery	\$ 2,719	\$ 3,371	\$ 1,267	\$ 2,152
28080	Removal of foot lesion	\$ 1,954	\$ 2,423	\$ 770	\$ 1,744
28296	Correction of bunion	\$ 2,403	\$ 2,980	\$ 1,267	\$ 2,676
28285	Repair of hammertoe	\$ 2,197	\$ 2,725	\$ 770	\$ 1,744

Attachment C
Need - 1

Support Letters

ED HAGERTY
MAYOR

JAMES MANESS
VICE-MAYOR

KENNY MARTIN
CITY MANAGER

90
CITY OF MT. JULIET

COMMISSIONERS

BRIAN ABSTON
ART GILES
RAY JUSTICE



Tennessee Health Services and Development Agency
Attention: Melanie Hill
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing to give my support for CON application and the expansion of Providence Surgery Center in Mt. Juliet, Tennessee to make it a multi-specialty center with both Orthopedics/Pain and ENT.

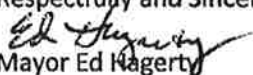
Mt. Juliet is one of the fastest growing cities in the state and was recently recognized 16th on the list of Boom Towns in the nation. Mt. Juliet was the only Tennessee City listed in the top 16. Just recently both Under Armour and Fed-Ex opened brand new state of the art facilities in Mt. Juliet. Both will employ hundreds and eventually thousands of employees and Under Armour is now considering a second facility in MJ as well. These facilities range from 1.1 million square feet to 500k square feet and the growth doesn't stop with residential, warehouse, manufacturing and distribution.

Mt. Juliet is also growing its Class-A office operations and its retail base as well. Mt. Juliet could soon see another 200k square feet of new retail space added over the next twelve months and the addition of five big box retailers and several junior anchors.

We are a blessed close knit family oriented and proud community focused on family and enhanced quality of life and service for our citizens. As such, it is our desire to enhance services on every level for our citizens in every way we can. Mt. Juliet's current growth rate is approximately 18 percent with the national average being 4 percent. So as you can tell Mt. Juliet is rapidly growing. As we speak multiple new subdivisions are being built in our great city, while more have made application to our regional planning commission.

There are literally hundreds of new citizens moving into our community monthly and there are no signs the positive and welcomed growth is going to slow anytime soon. That growth brings the need to grow the services and conveniences our citizens not only want and desire, but services and conveniences they deserve and need.

As the Mayor of Mt. Juliet I respectfully request consideration and support of this Certificate of Need Application for Providence Surgery Center in Mt. Juliet, Tennessee. If approved, this multi-specialty center CON would enable Dr. Kaelin and his wonderful staff to better serve and meet the ongoing needs of Mt. Juliet, Tennessee, and Wilson County.

Respectfully and Sincerely,

Mayor Ed Hagerty



**Regional ENT
ASSOCIATES, PC**
EAR, NOSE & THROAT SPECIALISTS

Lebanon Office

206A Babb Dr.
Lebanon, TN 37087
Office: (615) 444-6667
Fax: (615) 444-7772

Gallatin Office

300 Steam Plant Rd., Ste 450
Gallatin, TN 37066
Office: (615) 452-6100
Fax: (615) 444-7058

John L. Tate, M.D.

Leslie Allen, FNP-C

Tennessee Health Services And Development Agency
Attn: Melanie Hill
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

It is my pleasure to write a letter supporting the expansion to multi-specialty of Providence Surgery Center in Mt. Juliet, Tennessee. As a practicing Otolaryngologist, the addition of these services is needed in the community and will better meet the ongoing needs of Wilson County. Significant growth is occurring with several entities moving business operations to the Wilson County/Mt Juliet area.

This expansion will have a positive effect on my practice, and physicians and patients in surrounding communities. The majority of my procedures, which are comprised of the removal of tonsils and adenoids and ear tubes, do not require a hospital stay, and due to the inconvenience and higher infection rates of hospitals I prefer an ambulatory surgery center for these cases. Providence Surgery Center is accredited by The Joint Commission, Medicare certified, and is fully licensed by the state of Tennessee. Performing my cases at the Providence Surgery Center will also provide my patients lower out of pocket costs. For example, a tonsillectomy costs \$2,767 at an ASC versus \$3,432 at an HOPD. The facility offers a high nurse to patient ratio, low infection rates, patient safety, and a 100% patient satisfaction rating, all paramount to a positive patient and physician experience.

The expansion will improve access for patients and physicians in the rapidly growing areas in Wilson County and neighboring communities. I can't emphasize enough the positive impact on my practice's ability to maximize my efficiency while allowing greater convenience and choice for my patients.

I am excited and encouraged by the opportunity it affords physicians, the community and the overall health and well-being of the residents of Wilson County.

Sincerely,

John Tate, MD



Foot Care of Lebanon
100 Physicians Way, Suite 210
Lebanon, TN 37090

(615) 453-5440
Toll-Free 1-888-354-5440
Fax 615-453-5441

*Tennessee Health Services And Development Agency
Attn: Melanie Hill
502 Deaderick Street, Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243*

Dear Ms. Hill:

It is my pleasure to write a letter supporting the expansion to multi-specialty of Providence Surgery Center in Mt. Juliet, Tennessee. As a practicing Podiatrist, the addition of these services is needed in the community and will better meet the ongoing needs of Wilson County, as there is significant growth occurring with several entities moving business operations to the Wilson County/Mt Juliet area.

This expansion will have a positive effect on my practice, physicians and patients in the surrounding communities. The majority of my procedures, which varies from amputations to bone surgeries of the foot, do not require a hospital stay and due to the inconvenience and higher infection rates of hospitals, I prefer an Ambulatory Surgery Center for these cases. Providence Surgery Center is accredited by The Joint Commission, Medicare Certified and is fully licensed by the state of Tennessee. The facility offers a high nurse to patient ration, low infection rates, patient safety, and a 100% patient satisfaction rating which all paramount to a positive patient and physician experience.

The expansion will improve access for patients and physicians in the rapidly growing areas in Wilson County and neighboring communities. I cannot emphasize enough the positive impact on my practice's ability to maximize my efficiency. Not only will performing my cases at the Providence Surgery Center will lower the out of pocket for my patients, but it will allow greater convenience and choice for my patients.

I am excited and encouraged by the opportunity it affords physicians, the community and the overall health and well-being of the residents of Wilson County.

Sincerely

Yong S. Suh, D.P.M., ABPS



ROBERT C. WOODS, M.D.

ANDRE C. OLIVIER, M.D.

Tennessee Health Services and Development Agency
 Attn: Melanie Hill
 502 Deaderick Street, Andrew Jackson Bldg., 9th Floor
 Nashville, TN 37243

Dear Ms. Hill:

I am writing to voice my support for the expansion of Providence Surgery Center in Mt. Juliet, Tennessee to a multi-specialty center. As Mt. Juliet's only Cardiologist, having a safe and convenient location for outpatient surgical procedures would be beneficial to my patients.

As it stands, I have to do procedures such as electrical cardioversions, pacemaker generator change-outs and loop recorder implantations in the hospital setting. These facilities are miles away from my office, often inconvenient to my patients and pose a higher financial burden to my patients. These procedures are usually less than 30 minutes in duration.

As you know, Mt. Juliet is one of the fastest growing communities in the state and the country. We are bracing for continued growth in the Providence area with the addition of several large corporations like Fed EX, Amazon and Under Armor. The new home/apartment construction rate is very high. There are currently no hospitals in Mt. Juliet. Healthcare availability must keep pace with population growth.

This expansion will have a positive effect on my practice and improve access for my patients. It will allow me to maximize my efficiency while allowing greater convenience and choice for my patients. Other benefits of an ambulatory surgery center over a traditional hospital include a higher nurse to patient ratio, lower infection rates, cost savings and higher patient satisfaction.

I am excited and encouraged by Providence Surgery Center's expansion efforts. I believe it will positively impact the overall health and well-being of the residents of Wilson County.

Sincerely,

Andre C. Olivier, MD

Attachment C
Economic Feasibility - 2

Verification of Funding



August 11, 2016

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application – Providence Surgery Center

Dear Ms. Hill:

Providence Surgery Center is a member of the network of facilities partially owned by Saint Thomas/USP Surgery Centers, LLC. Saint Thomas/USP Surgery Centers, LLC is a joint venture between Saint Thomas Health and United Surgical Partners International (USPI) that owns 36.67% of Providence Surgery Center. This joint venture entity has a centralized cash management program for managing and investing operating funds for this network of facilities.

This letter is to confirm that Saint Thomas/USP Surgery Centers, LLC has available funds to cover the projected cost of \$235,387 required to implement the project proposed for Providence Surgery Center.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa R. Davis".

Lisa R. Davis, CFO
Saint Thomas Health

A handwritten signature in black ink, appearing to read "M. Corey Ridgway".

M. Corey Ridgway, Market President
USPI

Attachment C
Economic Feasibility - 10

Balance Sheet and Income Statement

Mt. Juliet, TN
Tennessee SM, LLC
Balance Sheet
May 2016
(in thousands)

May-16	
ASSETS	
Current assets	
Cash and cash equivalents	\$15
Accounts receivable	250
Allowance for contractals	(19)
Allowance for bad debts	(82)
Net accounts receivable	149
Inventories	44
Prepaid expenses and other current assets	20
Total current assets	228
Property, plant and equipment	
Land	0
Buildings and improvements	1,181
Equipment	898
Furniture & fixtures	1
Accumulated depreciation	(1,715)
Total property, plant and equipment	364
Other noncurrent assets	
Total other noncurrent assets	0
Total assets	\$593
LIABILITIES AND CAPITAL	
Current liabilities	
Accounts payable	\$386
Due to/from affiliates	389
Accrued salaries and benefits	34
Short-term debt	0
Current portion of long-term debt	143
Other current liabilities	34
Total current liabilities	987
Noncurrent liabilities	
Long-term debt	455
Total noncurrent liabilities	455
Partners'/members' capital	(849)
Total liabilities and capital	\$593

Unaudited - for internal use only

Mt. Juliet, TN
Tennessee SM, LLC
Income Statement
May 2016
(in thousands)

	<i>Last 12 months</i>
REVENUE	
Net revenue	1,638
EXPENSES	
Personnel costs	414
Drugs and medical	727
Other Operating Expenses	460
Provision for bad debts	60
Lease and rent expense	178
Management fee expense	95
Total operating expenses	1,932
Depreciation expense	86
Interest expense (income)	34
Total non-operating expenses	120
Pretax income (loss)	(414)
Income taxes	3
Net income (loss)	(\$417)

Attachment C
Contribution to the Orderly Development of Health Care - 7.(b)

Accreditation

January 15, 2016

Troy Damewood
Administrator
Providence Surgery Center
5002 Crossings Circle, Suite 110
Mount Juliet, TN 37122

Joint Commission ID #: 485391
Program: Ambulatory Health Care
Accreditation
Accreditation Activity: Unannounced On site
ESC
Accreditation Activity Completed: 01/14/2016

Dear Mr. Damewood:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Ambulatory Health Care

This accreditation cycle is effective beginning June 17, 2015. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit [Quality Check®](#) on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,



Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

Attachment D

**Copy of Published Public Notice
Letter of Intent**

Attachment D

Copy of Published Public Notice

Continued from last column

OR THEIR OFFICE. THIS SALE IS SUBJECT TO ANY UNPAID TAXES, IF ANY, ANY PRIOR LIENS OR ENCUMBRANCES, LEASES, EASEMENTS AND ALL OTHER MATTERS WHICH TAKE PRIORITY OVER THE DEED OF TRUST UNDER WHICH THIS FORECLOSURE SALE IS CONDUCTED, INCLUDING BUT NOT LIMITED TO THE PRIORITY OF ANY FIXTURE FILING, IF THE U.S. DEPARTMENT OF TREASURY/INTERNAL REVENUE SERVICE, THE STATE OF TENNESSEE DEPARTMENT OF REVENUE, OR THE STATE OF TENNESSEE DEPARTMENT OF LABOR AND WORK FORCE DEVELOPMENT ARE LISTED AS INTERESTED PARTIES IN THE ADVERTISEMENT, THEN THE NOTICE OF THIS FORECLOSURE IS BEING GIVEN TO THEM, AND THE SALE WILL BE SUBJECT TO ALL APPLICABLE GOVERNMENTAL ENTITIES' RIGHT TO REDEEM THE PROPERTY, ALL AS REQUIRED BY 26 U.S.C. 7425, T.C.A. 67-1-1433, AND 28 U.S.C. 2410 (C). THE NOTICE REQUIREMENTS OF T.C.A. 35-5-101 ET SEQ. HAVE BEEN MET.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER NOTICE.

Continued from last column

NOT REPRESENTATION/RESPONSIBILITY OF TRUSTEE(S) OR SUBSTITUTE TRUSTEE(S) OR THEIR OFFICE. THIS SALE IS SUBJECT TO ANY UNPAID TAXES, IF ANY, ANY PRIOR LIENS OR ENCUMBRANCES, LEASES, EASEMENTS AND ALL OTHER MATTERS WHICH TAKE PRIORITY OVER THE DEED OF TRUST UNDER WHICH THIS FORECLOSURE SALE IS CONDUCTED, INCLUDING BUT NOT LIMITED TO THE PRIORITY OF ANY FIXTURE FILING, IF THE U.S. DEPARTMENT OF TREASURY/INTERNAL REVENUE SERVICE, THE STATE OF TENNESSEE DEPARTMENT OF REVENUE, OR THE STATE OF TENNESSEE DEPARTMENT OF LABOR AND WORK FORCE DEVELOPMENT ARE LISTED AS INTERESTED PARTIES IN THE ADVERTISEMENT, THEN THE NOTICE OF THIS FORECLOSURE IS BEING GIVEN TO THEM, AND THE SALE WILL BE SUBJECT TO ALL APPLICABLE GOVERNMENTAL ENTITIES' RIGHT TO REDEEM THE PROPERTY, ALL AS REQUIRED BY 26 U.S.C. 7425, T.C.A. 67-1-1433, AND 28 U.S.C. 2410 (C). THE NOTICE REQUIREMENTS OF T.C.A. 35-5-101 ET SEQ. HAVE BEEN MET.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER NOTICE.

Continued from last column

TERMS: 10% Down Day of Sale, Balance Due 100 Days.
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Public Notices

Public Notices

ADVERTISEMENT FOR BIDS

Bids are invited for General Contract for the Work of following: Examine documents at Designer's office or Plan Rooms from Designer per Instructions to Bidders. Plan Deposits of \$25,000 or more must be licensed per state law. For more information, contact the Architect: Readiness Center HVAC and Energy Updates, Tennessee National Guard, Columbia, Maury County, Tennessee; SBC Project No. 361/014-01-2015. **Bids Received At:** William R. Snodgrass Tennessee Tower, Conference Center North, Room 3.126 (Conference Room G), 3rd Floor, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243-1102 Until: 1:00 p.m. Local Time (Central Time) On: **Tuesday, August 30, 2016. Plan Rooms:** Dodge Data & Analytics, Nashville, Tennessee; Associated General Contractors, Nashville, Tennessee; Nashville Contractors Association, Nashville, Tennessee; CMD, Norcross, Georgia. **Plan Deposit Amount:** \$1,000.00. **Designer:** OLG Engineering, Inc., 301 Industrial Boulevard, Tullahoma, Tennessee 37388; Contact: Tim Little, Phone: (931) 454-9940. **Pre-Bid Conference:** At the Facility, on August 16, 2016 at 1:00 p.m., Local Time (Central Time).

0001496299

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Tenn SM, LLC d/b/a Providence Surgery Center, an existing ambulatory surgical treatment center (ASTC) provider, owned by: Tenn SM, LLC with an ownership type of limited liability company and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of Need for the conversion of the existing ASTC, which is limited to orthopedic and pain procedures, to a multispecialty ASTC at 5002 Crossing Circle, Suite 110 in Mount Juliet, TN, 37122 (Wilson Co.). No renovation or new construction is required. No major medical equipment will be purchased. As part of the project, the existing two operating rooms and one procedure room will be redesignated as part of a multispecialty ASTC. Total project costs are estimated to be \$235,387. The anticipated date of filing the application is August 15, 2016. The contact person for this project is Byron R. Trauger, Esq., Counsel to Applicant, who may be reached at Trauger, Esq., 222 Fourth Avenue North, Nashville, TN 37219, 615-256-8685. Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Attachment D

Letter of Intent

105
TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

2016 AUG 10 11:51 AM

August 10, 2016

By hand delivery

Melanie M. Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tenn SM, LLC d/b/a Providence Surgery Center ASTC Letter of Intent

Dear Ms. Hill:

Enclosed please find three originals and two copies of the Letter of Intent for the referenced project on behalf of our client Tenn SM, LLC d/b/a Providence Surgery Center. Publication of Intent was published in this morning's *Tennessean*, which is a newspaper of general circulation in Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson and Wilson Counties in Tennessee, and it is anticipated that the filing of the certificate of need application will occur within five days. Please date stamp the two copies and return them to me.

Very truly yours,


Byron R. Trauger

BRT:kmm

Enclosures

Supplemental #1 -COPY-

TN SM, LLC d/b/a
Providence Surgery Center

CN1608-031

**August 26, 2016****8:38 am**

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

August 26, 2016

Via Hand Delivery

Phillip Earhart, HSD Examiner
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN37243

RE: Certificate of Need Application CN1608-031
TN SM, LLC d/b/a Providence Surgery Center

Dear Mr. Earhart:

Thank you for your letter of August 19, 2016 requesting clarification or additional discussion in regard to the CON application referenced above. Responses are provided in triplicate by the requested deadline of 4:00 p.m., Friday, August 26, 2016.

1. Section B, (Project Description) Item 1

What type of surgeries will take place in the operating rooms and what types of procedures will take place in the procedure rooms?

Response: Only pain procedures will take place in the procedure room initially, with gastroenterology procedures potentially being added in the future. All other specialties (e.g., cardiology, general surgery, obstetrics/gynecology, otolaryngology/ENT, orthopedics, podiatry, etc.) will use the operating rooms.

Please identify which hospitals that the surgeons expecting to use the ASTC have admitting privileges. Will all the surgeons expected to utilize the facility be able to follow their patients in the case of an emergency transfer?

Response: Yes, the medical staff bylaws require that all surgeons be able to follow their patients in the case of an emergency transfer. As indicated in **Attachment 1**, here, Providence Surgery Center ("PSC") has a transfer agreement with TriStar Summit Medical Center. According to Google maps, the facilities are approximately a six mile drive apart via I-40 or Highway 265/Central Pike.

It is noted TN Orthopedics, CN1605-019 will also be heard at the December 2016 Agency meeting for the establishment a multi-specialty ambulatory surgical treatment center located at 101 Physicians Way, Lebanon, (Wilson County), TN 37090, and will include three operating rooms and one procedure room. Is there a need for two multi-specialty ASTCs in Wilson County?

Response: Providence Surgery Center has not opposed the project referenced above. PSC is responding to a separate demand for services expressed by area physicians, different from those supporting TN Orthopedics. Furthermore, PSC can complete its project without constructing additional operating rooms or incurring significant capital costs. Conversion of existing, quality resources to meet an area need is highly efficient, cost effective and contributes to the orderly development of health care.

2. Section B, Project Description Item III.A.(Plot Plan)

The plot plan is noted. Please provide a *basic* legible plot plan that provides the size of the site (in acres), location of the structure on the site, the location of the proposed construction, and the names of streets, roads, highways that cross or border the site.

Response: Please see the basic plot plan in **Attachment 2**. The size of the site (5.14 acres) is also found in Exhibit A-1 at Tab 5 of the original CON application.

3. Section B, Project Description, Item IV (Floor Plan)

The floor plan is noted. Please discuss any plans for areas designated as future build-out areas.

Response: There are no plans at this time for future build-out areas. The site is essentially landlocked. Adjacent imaging services are very expensive to relocate if displaced by PSC.

4. Section C, Need Item 1(Specific Criteria -ASTC) Item 1.

When does the applicant expect to meet 884 cases per operating room and 1,867 cases per procedure room?

Response: As indicated in the response to Question 9, below, PSC's projected operating room cases simply cannot be accommodated in a single OR. In addition, two ORs are necessary for physician efficiency (i.e., reduced downtime) between cases.

Simply adding ENT alone, as conservatively projected here, will more than double historical OR cases. Other specialty physicians have submitted their letters of support. Within one year, or two at the most, these other specialties are expected to fully utilize the two existing ORs at PSC.

As noted in the latest ASTC standards and criteria, a single procedure room is considered a reasonable supplement to ASTC operating rooms and may not always "meet the base guidelines contained here." This is expected to be the case with PSC's facility. PSC's procedure room was originally approved for pain procedures as an adjunct to orthopedic surgical procedures. This relationship has not and will not change.

It is noted on page 15 of the application case projections for Year One and Year Two appear to be based solely on the addition of ENT physicians. If so, why not just add that specialty (ENT) rather than apply for a multi-specialty ASTC? Please explain.

Response: For many physicians and patients, the existing ASTC options are in Nashville (Davidson County). Dr. Andre Olivier (cardiology) is a prime example. Though his office is located across the hall from PSC, he must take his surgical patients to Nashville. Not only is this inefficient for

physicians, patients and families, but it also disrupts the continuity of patient care. The demand projections presented in the CON application were conservative to start. Additional support has been documented from physicians practicing in specialties other than ENT.

5. Section C, Need Item 1(Specific Criteria -ASTC) Item 2.

Please complete the following table for Year 2 of the proposed project

Operating Rooms	Procedures	Procedures/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	858	858	55,770 (@65)	25,740 (@30)	81,510	60.4%
Operating Room #2	857	857	55,705 (@65)	25,710 (@30)	81,415	60.3%
Procedure Room	334	334	10,020 (@30)	5,010 (@15)	15,030	11.1%
Total Surgical Suite	2,049	683	121,495	56,460	177,955	43.9%

* defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

6. Section C, Need Item 1(Specific Criteria -ASTC) Item 9

It is noted the table on page 23 reflects a total of 1,716 cases in Year Two while the Projected Data Chart reflects 1,715 cases in Year Two. Please clarify.

Response: Page 23 has a slight rounding error. A revised page 23 is provided in **Attachment 3**.

7. Section C, Need Item 3

Please provide a map of the entire state of Tennessee on 8 ½" x 11" sheet of paper designating the applicant's declared service area counties. Please provide distinctive highlighting/ markings to readily differentiate the service area counties from the other non- service area counties. Also, please label the name of each county.

Response: An additional state/service area map is provided in **Attachment 4.**

8. Section C, Need Item 5

For each of the surgeons expected to utilize the proposed surgery center please identify for 2015 the locations where surgeries were performed and the number of surgical cases at each facility.

Response: As the surgeons are not employees of PSC, the applicant does not have access to this type of data. Furthermore, this information is not reported in public databases such as the ASTC Joint Annual Report ("JAR").

The 2015 ASTC utilization table is noted. Please provide utilization for each of the most recent three years of data available using the table below.

Response: Please see **Attachment 5** for 2013 - 2015 ASTC utilization in the applicant's existing and proposed service area.

Please revise the table on page 29 by indicating if the listed ASTC's are single specialty or multi-specialty and submit a replacement page.

Response: The type of ASTC is so noted on the replacement page. Please see **Attachment 3.**

for consistency of reporting, is included in the line item for bad debt instead.

There appears to be addition errors in the total operating expenses columns in Year One and Year Two. Please revise and resubmit.

Response: Though the totals are correct, the operating expense subtotals have been revised. Please see **Attachment 3**.

12. Section C. Economic Feasibility Item 5

There appears to be calculation errors in calculating the project's average gross charge, average deduction from operating revenue, and average net charge for both the Historical and Projected Data Charts. Please revise.

Response: Calculations can be affected by the treatment of bad debt as either a deduction or an expense. Revised calculations have been made with bad debt as a deduction. Please see **Attachment 3**.

13. Section C. Economic Feasibility Item 7

What factors has contributed to an operating loss since 2014 for the applicant.

Response: Due to the existing CON restrictions, namely surgical specialties limited to orthopedics and pain only, PSC has suffered from low volume and cannot meet all the ASTC demand in and around Mt. Juliet.

In addition, ASTCs like PSC are reimbursed for services at lower rates than comparable hospital HOPDs.

Removal of these surgical specialty restrictions, without constructing any new facilities, will therefore enhance access to lower-cost ASTC services for Medicare, TennCare and other payer groups.

14. Section C. Economic Feasibility Item 10

Regarding the submitted Balance Sheet, please explain why current liabilities in the amount of \$987,000 exceed current assets of \$228,000.

Response: Due to low volume and lower reimbursement rates, PSC has had negative cash flow. These operating losses have been funded by both Saint Thomas Health and USPI.

15. Section C. Contribution to Orderly Development Item 1

Please indicate if the applicant has transfer agreements with any hospitals in the proposed service area.

Response: Yes, as indicated in **Attachment 1**, PSC has a transfer agreement with TriStar Summit Medical Center. According to Google maps, the facilities are approximately a six mile drive apart via I-40 or Highway 265/Central Pike.

16. Section C, Orderly Development, Item 7.d

Please provide a copy of the applicant facility's most recent licensure survey, including any deficiencies cited, and a copy of the approved plan of correction, if applicable.

Response: Please see **Attachment 6** for a copy of The Joint Commission's unannounced inspection earlier this year with no deficiencies found. Also included is the June 2016 Department of Health survey. Though several deficiencies were immediately corrected, a few are awaiting final Department sign-off of PSC's plan of correction.

17. Project Completion Forecast Chart

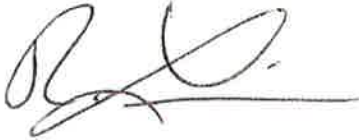
The applicant projects an agency decision date of October 26, 2016 which is incorrect. If deemed complete this month, this application will be scheduled to be heard December 14, 2016. Please submit a revised Project Completion Forecast Chart with the corrected dates.

Response: The agency decision date has been revised. This affects the project's start date only slightly as no construction or renovation is required to add other surgical specialties. Please see **Attachment 3**.

Thank you for the opportunity to present this supplemental information. A signed affidavit is presented in **Attachment 7**.

Warm regards,

THE STRATEGY HOUSE, INC.



Robert M. Limyansky
Partner

attachments

cc: Corey Ridgway, Market President, USPI
Byron Trauger, Esq., Trauger & Tuke

Attachment 1

9. Section C, Need Item 6

Please provide surgical case projections by specialty using the table below:

Specialty	# of Surgeons	Year 1 OR Cases	Year 1 PR Cases	Year 2 OR Cases	Year 2 PR Cases
Orthopedics	7	557		652	
General Surgery					
ENT	4	623		729	
Podiatry					
OB/GYN					
Plastic Surgery					
Dental					
Pain Mgmt.	2		286		334
Total	13	1,180	286	1,381	334

10. Section C, Economic Feasibility, Item 4. (Historical Data Chart)

Please indicate the type of utilization (cases, patients, etc.) data in Line A. in the Historical Data chart.

Response: "Cases" are reported in both the Historical and Projected Data charts.

The Historical Data Chart shows no Provision for Charity Care. Please explain.

Response: The joint venture agreement with Saint Thomas Health has provisions for charity care. Charity care has not been tracked well and is included in the line item for bad debt instead.

11. Section C. Economic Feasibility Item 4 (Projected Data Chart)

The Projected Data Chart shows no Provision for Charity Care. Please explain.

Response: The joint venture agreement with Saint Thomas Health has provisions for charity care. Charity care has not been tracked well and,

August 26, 2016

8:38 am

**3 County Zip Code Service Area ASTC Patient Utilization
2013-2015**

Single Specialty		2013			2014			2015			
County	ASTC	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Oper.Cases	Proc. Rooms	Proc. Cases
Davidson	Associated Endoscopy	0	3	4,438	0	3	5,031	0	0	3	5,453
Davidson	Southern Endoscopy Center	0	3	2,695	0	3	2,711	0	0	3	3,356
Davidson	Tennessee Pain Surgery Center	1	3	9,985	1	3	8,169	1	1,514	3	6,060
Wilson	Lebanon Endoscopy Center	0	2	2,140	0	2	1,893	0	0	2	1,931
Wilson	Wilson County Eye Surgery Center	1	1	1,145	1	1	1,262	1	987	1	356
Rutherford	Mid-State Endoscopy Center	0	2	1,632	0	2	3,209	0	0	2	2,160
Rutherford	Spine and Pain Surgery Center, LLC	0	0	0	0	1	92	0	0	1	841
Rutherford	Williams Surgery Center (podiatry)	1	0	56	1	0	67	1	56	0	0
Service Area	Single-Specialty Subtotal	3	14	22,091	3	15	22,434	3	2,557	15	20,157
	Multi-specialty ASTCs										
Davidson	Premier Orthopaedic Surg Ctr (ortho & spine)	2	0	2,295	2	0	2,543	2	2,165	0	0
Davidson	Summit Surgery Center	5	1	5,474	5	1	5,339	5	4,105	1	264
Wilson	Providence Surgery Center (ortho & spine)	2	1	771	2	1	707	2	542	1	131
Rutherford	Middle TN Ambulatory Surg Center	6	1	6,552	6	1	6,275	6	5,837	1	873
Rutherford	Physicians Pavilion Surgery Center	4	1	3,032	4	1	2,823	4	1,991	1	568
Rutherford	Surgicare of Murfreesboro Med Clinic	3	3	8,521	3	3	8,867	3	4,034	3	5,456
Service Area	Multi-specialty ASTCs Subtotal	22	7	26,645	22	7	26,554	22	18,674	7	7,292
	Grand Total	25	21	48,736	25	22	48,988	25	21,231	22	27,449

Source: JARS of Ambulatory Surgical Treatment Centers 2013 - 2015

Attachment 6

August 26, 2016**8:38 am**

Providence Surgery Center
5002 Crossings Circle, Suite 110
Mount Juliet, TN 37122

Organization Identification Number: 485391

Unannounced On site ESC: 1/14/2016 - 1/14/2016

Report Contents

Executive Summary

Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

Opportunities for Improvement

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Plan for Improvement

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Executive Summary

Program(s)

Ambulatory Health Care Accreditation

Survey Date(s)

01/14/2016-01/14/2016

As a result of the survey conducted on the above date(s), there are no survey findings identified. Your official report will be posted to your organization's confidential extranet site.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Requirements for Improvement – Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

As a result of the accreditation activity conducted, there were no Requirements for Improvement identified.

Opportunities for Improvement – Summary

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

As a result of the accreditation activity conducted, there were no Opportunities for Improvement identified.

Plan for Improvement - Summary

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Number of PFIs: 0

A full description of your organization's locked PFIs can be found within the Statement of Conditions on your organization's Joint Commission Connect Extranet and will be included in the final report which will be posted to your organization's extranet site.

125

SUPPLEMENTAL #1**August 26, 2016****8:38 am**Department of
Health

July 12, 2016

Mr. Troy A. Damewood, Administrator
Providence Surgery Center
5002 Crossing Circle, Suite 110
Mount Juliet, TN 37122

Provider Number: 44C0001169

Dear Mr. Damewood:

Enclosed is the Statement of Deficiencies developed as the result of the survey conducted at Providence Surgery Center on June 27 - 29, 2016.

In accordance with CFR Title 42 §488.28(b), you are requested to submit a Plan of Correction within ten (10) calendar days after receipt of this letter with acceptable time frames for correction of the cited deficiencies. **Your Plan of Correction is due in this office by July 22, 2016.** Corrective action should be achieved no later than **August 13, 2016**, the 45th day from the date of the survey. Please notify this office when these deficiencies are corrected. A revisit may be conducted to verify compliance. Once corrective action is confirmed, a favorable recommendation for recertification will be considered.

Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice;

August 26, 2016**8:38 am**

Mr. Troy A. Damewood

July 12, 2016

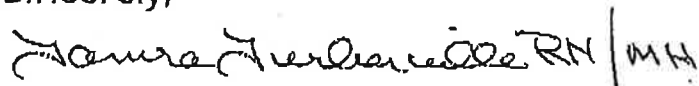
Page 2

- How you will identify other patients having the potential to be affected by the same deficiency practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

Please remember the administrator's signature and date signed must be on the appropriate line at the bottom of form CMS 2567 Statement of Deficiencies/Plan of Correction. Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

Should you have any questions or if there is any way this office may be of assistance, please do not hesitate to call.

Sincerely,

Handwritten signature of Tamra Turberville RN, with "RN" and "MH" written to the right of the signature.

Tamra Turberville, R.N.
Regional Administrator
East TN Health Care Facilities

TT:cvb
Enclosure

SUPPLEMENTAL #1

127

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

August 26, 2016

8:38 am

ED: 07/06/2016

FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001180	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 3002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 105	<p>416.44(c) EMERGENCY EQUIPMENT</p> <p>The ASC medical staff and governing body of the ASC coordinates, develops, and revises ASC policies and procedures to specify the types of emergency equipment required for use in the ASC's operating room. The equipment must meet the following requirements:</p> <p>(1) Be immediately available for use during emergency situations. (2) Be appropriate for the facility's patient population. (3) Be maintained by appropriate personnel.</p> <p>This STANDARD is not met as evidenced by: Based on review of facility policy, observation, and interview, the facility failed to ensure expired intravenous fluids were not available for patient use.</p> <p>The findings included:</p> <p>Review of facility policy "Expired Medications" dated 1/09, revealed "...the purpose of this policy is to establish consistent guidelines to ensure that the facility has a mechanism in place to remove all expired medications from medication storage areas where they may be administered to a patient...once per month the medication nurse will check all medications within the facility for expiration dates...once per month the consulting pharmacist will check all medications for expiration date..."</p> <p>Observation of the emergency cart on 6/28/16 at 10:20 AM, in the Post Anesthesia Care Unit (PACU), revealed the following expired intravenous fluids: (3) 1000 ml (milliliters) of 0.9 % Normal Saline (intravenous fluids) with an expiration date of 4/16; (1) 500 cc bag of</p>	Q 105	<p>All expired medications and supplies were removed from stock and discarded appropriately. Clinical coordinator will review medications on 1st day of calendar month, remove expired medications and attach document findings on pharmacy audit tool. Policy reviewed with staff. Administrator will provide ongoing monitoring for compliance.</p>	7/14/16	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Administrator

7/21/16

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

128

SUPPLEMENTAL #1

PRINTED: 07/06/2016
August 26, 2016
8:38 am
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 105	Continued From page 1 Hetastarch (plasma volume expander) with an expiration date of 3/16. Further observation revealed (1) 50 ml bottle of Ultrasound lubricant with an expiration date of 5/15.	Q 105			
Q 161	Interview with the facility Administrator on 6/28/16 at 11:30 AM, in the PACU, confirmed the intravenous fluids were expired and were available for patient use. 416.47(a) ORGANIZATION The ASC must develop and maintain a system for the proper collection, storage, and use of patient records. This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to maintain a medical record for 1 patient record (#8) of 21 records requested for review. The findings included: Upon entry into the facility on 6/27/16, medical record #4081 was requested along with 20 other medical records for review. Interview with the Administrator on 6/29/16 at 10:00 AM, in the breakroom, confirmed the record could not be found for review.	Q 161	As of today the MR has NOT been located. Staff and physicians educated to policy regarding charts. A medical records sign out log has been initiated and staff has been educated on use. Administrator will monitor for compliance and perform monthly audit of 20% of records going forward.	7/21/16	
Q 162	416.47(b) FORM AND CONTENT OF RECORD The ASC must maintain a medical record for each patient. Every record must be accurate, legible, and promptly completed. Medical records must include at least the following:	Q 162			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

129

August 26, 2016

8:38 am

PRINTED: 07/06/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 162	<p>Continued From page 2</p> <p>(1) Patient identification.</p> <p>(2) Significant medical history and results of physical examination.</p> <p>(3) Pre-operative diagnostic studies (entered before surgery), if performed.</p> <p>(4) Findings and techniques of the operation, including a pathologist's report on all tissues removed during surgery, except those exempted by the governing body.</p> <p>(5) Any allergies and abnormal drug reactions.</p> <p>(6) Entries related to anesthesia administration.</p> <p>(7) Documentation of properly executed informed patient consent.</p> <p>(8) Discharge diagnosis.</p> <p>This STANDARD is not met as evidenced by: Based on review of facility policy, medical record review, and interview, the facility failed to ensure a verbal order was signed by the physician for 1 patient (#11) and failed to ensure the medical record was complete for 1 patient (#1) of 20 patients reviewed.</p> <p>The findings included:</p> <p>Review of the facility's Admission Policy, last revised on 11/10, revealed "...verbal orders will be signed by the ordering physician..."</p> <p>Medical record review revealed Patient #11 was admitted to the facility on 3/10/16 for a Carpal Tunnel Release and discharged from the facility the same day.</p> <p>Medical record review of the Pre-Operative Orders revealed the Registered Nurse (RN) received a verbal order from the physician to implement the pre-operative orders on 2/24/16 at</p>	Q 162	<p>Reviewed policy with staff, physicians and medical director.</p> <p>Staff will ensure physician signatures with date, time completed appropriately.</p> <p>Monthly chart audits will occur on 10% or 10 charts, whichever number is greater. Findings will be reviewed with MEC/governing board and actions taken as defined by Facility by-laws</p>	7/19/16	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

130

SUPPLEMENTAL #1

August 26, 2016

8:38 am

PRINTED: 07/06/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ D. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 162	Continued From page 3 9:05 AM. Further review revealed the verbal order was not signed by the physician. Interview with the facility Administrator on 6/29/16 at 11:15 AM, in the break room, confirmed the verbal order was not signed by the physician. Medical record review revealed Patient #1 was admitted to the facility on 6/26/16 for a Left Lumbar 4-Sacral 1 Radiofrequency Ablation (surgical pain procedure) and was discharged the same day. Medical record review of the Day Surgery Post-Op orders and Progress Notes with no date or time, revealed no documentation of progress notes, post-op orders, or discharge orders. Interview with the facility Administrator on 6/29/16 at 11:15 AM, in the break room, confirmed there were no discharge orders or post-operative notes written by the physician.	Q 162			
Q 241	416.61(a) SANITARY ENVIRONMENT The ASC must provide a functional and sanitary environment for the provision of surgical services by adhering to professionally acceptable standards of practice. This STANDARD is not met as evidenced by: Based on observation, review of manufacturer's recommendations, review of facility policy, and interview, the facility failed to ensure the facility's glucometer (device used to measure blood glucose levels) was a medically approved device for use on multiple patients; failed to ensure expired Intravenous fluids were not available for	Q 241			

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

August 26, 2016

8:38 am

PRINTED: 07/06/2016

FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 06/29/2016
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NAME OF PROVIDER OR SUPPLIER

PROVIDENCE SURGERY CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

5002 CROSSING CIRCLE SUITE 110

MOUNT JULIET, TN 37122

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE
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Q 241

Continued From page 4

patient use; failed to follow standard infection control guidelines for the wearing of surgical attire; and failed to maintain a sanitary environment for glove use.

The findings included:

Observation on 6/27/16 at 11:00 AM, in the pre-operative area, revealed 1 blood glucose monitor.

Review of the blood glucose monitor manufacturer's recommendations revealed "...the [named blood glucose machine] is intended to be used by a single person and should not be shared...the system is intended to be used by a single person and should not be shared..." Further review revealed "...the meter and lancing device should never be used by more than one person. Do not share the meter and lancing device with anyone, including family member due to the risk of infection from blood borne pathogens. Do not use on multiple patients..."

Review of the facility's blood glucose monitoring logs revealed the machine had been used the previous day on a patient. Further review revealed Quality Assurance checks had been performed each day the machine was used on a patient.

Interview with the facility's Administrator on 6/27/16 at 11:15 AM, in the pre-operative area, revealed "...we always use a single lancet device on each patient but the machine is used on any patient for which a blood glucose level is needed..." Further interview confirmed the blood glucose machine was used for all patients and confirmed the manufacturer's recommendations

Q 241

Non-compliant blood glucose monitor removed from service. Glucometer approved for use by healthcare professionals has been obtained. Policy, procedure, competency has been updated and staff trained on use. FOR SDIK statement on file for glucometer.

7/22/16

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SUPPLEMENTAL #1DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES**August 26, 2016** 07/06/2016**8:38 am** FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 241	<p>Continued From page 5</p> <p>revealed the machine was not to be used on multiple patients.</p> <p>Observation on 6/28/16 at 11:00 AM, in the pain procedure room, revealed (2) needles used for epidural administration with an expiration date of 4/15.</p> <p>Interview with the facility Administrator on 6/28/16 at 11:30 AM, in the PACU, confirmed the needles were expired and were available for patient use.</p> <p>Observation of the PACU on 6/28/16 at 11:13 AM, revealed the delivery person from the contracted outside linen service delivering clean scrubs to the changing rooms. Continued observation at 11:20 AM, revealed the delivery person exited the changing rooms wearing gloves and carrying a full dirty linen bag. Further observation revealed the delivery person sat the dirty linen bag down on the floor in front of the covered clean linen cart and proceeded to lift the cover of the clean linen cart. Further observation revealed the contracted delivery person was sorting and taking inventory for replacement linen touching the clean linen with the dirty gloves.</p> <p>Interview with the Administrator on 6/28/16 at 11:30 AM, in the PACU, confirmed the delivery person was not to be wearing dirty gloves when touching the clean linen.</p> <p>Review of facility policy "Surgical Attire", last revised 4/12, revealed "... head covers: the facility center provides a variety of paper head covers for use in surgery and located in the locker rooms...a clean head cover is worn daily..."</p> <p>Observation on 6/28/16 at 2:40 PM, in the men's</p>	Q 241	<p>Expired supplies immediately removed from inventory. Supplies will be checked on 1st operational day of month by materials manager. H and document findings on Expired Supplies Log. Visible labels placed on bins denoting earliest expiration date. Staff educated to policy regarding expired supplies. Ongoing monitoring will be performed by administrator.</p> <p>linen provider contacted and notified of findings. On-spot correction made at time of findings. Staff to provide visual monitor of provider and notify administrator of any deficiency. Staff educated.</p>	<p>7/19/16</p> <p>7/19/16</p>	

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SUPPLEMENTAL #1DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

August 26, 2016 D: 07/06/2016

8:38 am FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 GROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 241	Continued From page 6 locker room, revealed a trash can with a surgical cap located in the trash can. Further observation revealed the Certified Surgical Technician (CST) walked through the men's locker room, took the dirty surgical cap out of the dirty trash can where dirty shoe covers were located, placed the dirty surgical cap on his head and walked into the clean operative area where proper surgical attire was required. Further observation revealed the CST went into the dirty contaminated equipment room, cleaned the dirty soiled equipment, and then entered the sterile side with the same surgical cap on the CST's head. Interview with the CST on 6/28/16 at 3:00 PM, in the break room, confirmed the CST took the used dirty surgical cap from the dirty trash can and placed the dirty cap on his head prior to entering the operative area where proper surgical attire was required. Interview with the facility's Administrator on 6/28/16 at 3:01 PM, in the break room, confirmed the facility's policy for proper surgical attire and standard infection control guidelines was not followed.	Q 241	Reviewed policy with all staff regarding surgical attire and infection control. Infection control nurse will monitor for compliance and report finding at quarterly IC meeting.	7/19/16	
Q 262	416.52(a)(2) PRE-SURGICAL ASSESSMENT Upon admission, each patient must have a pre-surgical assessment completed by a physician or other qualified practitioner in accordance with applicable State health and safety laws, standards of practice, and ASC policy that includes, at a minimum, an updated medical record entry documenting an examination for any changes in the patient's condition since completion of the most recently documented medical history and physical assessment,	Q 262			

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICESAugust 26, 2016
8:38 am
PRINTED: 07/06/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001160	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 6002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 262	Continued From page 7 Including documentation of any allergies to drugs and biologicals. This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure a pre-procedure assessment was completed prior to a surgical intervention for 1 patient (#18) of 20 patients reviewed. The findings included: Medical record review revealed Patient #18 was admitted to the facility on 6/2/16 for a Right Ankle Distal Fibula Open Reduction Internal Fixation (ORIF) and was discharged the same day. Medical record review of the pre-procedure History and Physical dated 6/2/16 revealed the physician signed the assessment but no date or time was documented to indicate when the assessment was performed. Interview with the facility Administrator on 6/29/16 at 11:15 AM, in the break room, confirmed the physician failed to document a time or date to indicate when the pre-procedure assessment was performed.	Q 262	Reviewed policy with STAFF, PHYSICIANS AND medical director. Staff will ensure physician documentation, signatures, with date : time completed appropriately. Monthly chart audits will occur on 10% or 10 charts, whichever number is greater. Findings will be reviewed with MEL/governing board and actions taken as defined by facility by laws	7/19/16	
Q 266	416.52(c)(2) DISCHARGE - ORDER [The ASC must -] Ensure each patient has a discharge order, signed by the physician who performed the surgery or procedure in accordance with applicable State health and safety laws, standards of practice, and ASC policy,	Q 266			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

135

SUPPLEMENTAL #1

August 26, 2016 PRINTED: 07/06/2016

8:38 am FORM APPROVED OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 06/29/2016
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NAME OF PROVIDER OR SUPPLIER

PROVIDENCE SURGERY CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

5002 CROSSING CIRCLE SUITE 110

MOUNT JULIET, TN 37122

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE
Q 266	<p>Continued From page 8</p> <p>This STANDARD is not met as evidenced by: Based on review of facility policy, medical record review, and interview, the facility failed to ensure a discharge order was written for 1 patient (#1) of 20 patients reviewed.</p> <p>The findings included:</p> <p>Review of facility policy Pre-Operative/Post-Operative Visits last revised on 4/09, revealed "...PACU [Post Anesthesia Care Unit] staff cannot discharge the patient without a written or verbal discharge order from the anesthesiologist and a written discharge order signed by the physician who performed the surgery or procedure in accordance with applicable State and safety laws, standards of practice, and ASC [Ambulatory Surgery Center] policy..."</p> <p>Medical record review revealed Patient #1 was admitted to the facility on 6/26/16 for a Left Lumbar 4-Sacral 1 Radiofrequency Ablation (surgical pain procedure) and was discharged the same day.</p> <p>Medical record review of the Day Surgery Post-Op orders and Progress Notes with no date or time, revealed no documentation of discharge orders.</p> <p>Interview with the facility Administrator on 6/29/16 at 11:15 AM, in the break room room, confirmed there were no discharge orders written by the physician.</p>	Q 266	<p>Reviewed policy with staff, physicians and medical direction. Staff will ensure physician documentation of orders, signatures with date. Time are completed appropriately.</p> <p>Monthly chart audits will occur on 10% or 10 charts, whichever number is greater. Findings will be reviewed with MEL/GAB and actions taken as defined by facility bylaws.</p>	7/19/16

August 26, 2016

PRINTED: 07/08/2016
FORM APPROVED

Division of Health Care Facilities

8:38 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535199	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED 06/29/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
A 002	1200-8-10 No Deficiencies During a State Licensure Survey completed 6/29/16, no deficiencies were cited under 1200-8-10, Standards for Ambulatory Surgical Treatment Centers.	A 002			

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0800

YP2G11

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

137

SUPPLEMENTAL #1

PRINTED: 06/30/2016

August 26, 2016 APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001169	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING	8:38 am (X3) DATE SURVEY COMPLETED 06/28/2016
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NAME OF PROVIDER OR SUPPLIER

PROVIDENCE SURGERY CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

5002 CROSSING CIRCLE SUITE 110

MOUNT JULIET, TN 37122

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE
K9999	FINAL OBSERVATIONS During the Life Safety survey conducted on 06/28/2016, no deficiencies were cited under the Life Safety Code.	K9999		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X8) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535199	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING B. WING _____	8:38 am (X3) DATE SURVEY COMPLETED 06/28/2016
NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
A 801	1200-8-10-.08 (1) Building Standards (1) An ASTC shall construct, arrange, and maintain the condition of the physical plant and the overall ASTC environment in such a manner that the safety and well-being of the patients are assured. This Rule is not met as evidenced by: Based on observations the facility failed to maintain the overall environment. The findings included: Observation on 06/28/2016 at 10:03 AM, revealed a ceiling tile not seated properly in the janitorial closet. This finding was verified and acknowledged by the administrator on 06/28/2016.	A 801	Notified building maintenance, property manager. Walk through of facility occurred and ceiling tiles seated accordingly.	7/14/16
A 818	1200-8-10-.08 (18) Building Standards (18) It shall be demonstrated through the submission of plans and specifications that in each ASTC a negative air pressure shall be maintained in the soiled utility area, toilet room, janitor's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms. This Rule is not met as evidenced by: Based on observations, the facility failed to maintain negative air pressure.	A 818	Notified property manager, building maintenance and HVAC contractor. Quote received and approved to install appropriate ventilation to obtain neg. pressure environment.	8/11/16

 Division of Health Care Facilities
 LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

8000

YP2G21

ADMINISTRATOR

7/22/16

(If continuation sheet 1 of 2)

139

Division of Health Care Facilities

August 26, 2016

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP535199	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING B. WING: _____	8:38 am (X3) DATE SURVEY COMPLETED 06/28/2016
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NAME OF PROVIDER OR SUPPLIER PROVIDENCE SURGERY CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 5002 CROSSING CIRCLE SUITE 110 MOUNT JULIET, TN 37122
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETE DATE
A 818	Continued From page 1 The findings included: Observation on 06/28/2016 at 10:14 AM, revealed the Bio-Hazard room did not have negative air pressure. This finding was verified and acknowledged by the administrator on 06/28/2016.	A 818		
A 901	1200-8-10-.09 (1) Life Safety (1) Any ambulatory surgical treatment center which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations. This Rule is not met as evidenced by: Based on observations, the facility failed to comply with applicable building and fire safety regulations. The findings included: 1. Observation on 06/28/2016 at 09:57 AM, revealed the medical records room door held open by a wedge. NFPA 80, 5.2.13 (2010 Edition) 2. Observation on 06/28/2016 at 10:00 AM, revealed the Anesthesia closet was held open by a shelf. NFPA 80, 5.2.13 (2010 Edition) These findings were verified and acknowledged by the administrator on 06/28/2016.	A 901	Immediately upon findings, 7/19/16 door props removed. Staff educated and signage placed regarding door to remain closed. Administrator to monitor for compliance	

Attachment 7

August 26, 2016**8:38 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: TN SM, LLC d/b/a Providence Surgery Center

I, Michael Corey Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

MCRR VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of August, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires September 10, 2018.

HF-0043

Revised 7/02



Supplemental #2 -COPY-

TNTN SM, LLC d/b/a
Providence Surgery Center

CN1608-031

**August 30, 2016****1:20 pm**

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

August 30, 2016

Via Hand Delivery

Phillip Earhart, HSD Examiner
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN37243

RE: Certificate of Need Application CN1608-031
TN SM, LLC d/b/a Providence Surgery Center

Dear Mr. Earhart:

Thank you for your letter of August 26, 2016 requesting clarification or additional discussion in regard to the CON application referenced above. Responses are provided in triplicate by the requested deadline of 2:00 p.m., Tuesday, August 30, 2016.

1. Section C, Need Item 1(Specific Criteria -ASTC) Item 2.

It is noted the applicant completed the following table for Year 2 of the proposed project. However, please complete to match the Projected Year 2 case projections of the chart on page 30 of the original application.

Response: The table provided in the initial supplemental response should have totaled 1,715 cases, *including* procedure room cases. (Procedure room cases were inadvertently double-counted.) A corrected table is provided below.

Operating Rooms	Cases	Cases/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	690	690	44,850 (@65)	20,700 (@30)	65,550	48.6%
Operating Room #2	691	691	44,915 (@65)	20,730 (@30)	65,645	48.6%
Procedure Room	334	334	10,020 (@30)	5,010 (@15)	15,030	11.1%
Total Surgical Suite	1,715	572	99,785	46,440	146,225	36.1%

*defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

2. Section C, Need Item 5

It is understood the surgeons expected to utilize the proposed multi-specialty surgery center are not employees of PSC, and the applicant does not have public 2015 data of the locations where surgeries were performed and the number of surgical cases at each facility. However, please inquire with those physicians expected to utilize the proposed multi-specialty surgery center to provide a response to the above.

Response: There is an immediate need for multispecialty ASTC services in Wilson County. Anecdotally, physicians report that patients now served by various ASTCs and hospital HOPDs in Davidson County will be better served by expanded services at Providence Surgery Center. Wilson County residents do not have an ASTC option other than for endoscopy, ophthalmology and orthopedics, thus relegating them to the higher cost HOPD services at Tennova Healthcare - Lebanon (f/k/a University Medical Center). There are simply no multispecialty ASTCs in Wilson County presently.

Our physicians also report that demographic growth has been strong and is expected to continue to drive increased patient volumes at their

practices. Mt. Juliet is the largest and fastest growing community in Wilson County. Finally, the expanded services at Providence Surgery Center can be offered within just one day of approval.

Thank you for the opportunity to present this supplemental information. A signed affidavit is presented in **Attachment 1**.

Warm regards,

THE STRATEGY HOUSE, INC.



Robert M. Limyansky
Partner

attachments

cc: Corey Ridgway, Market President, USPI
Byron Trauger, Esq., Trauger & Tuke

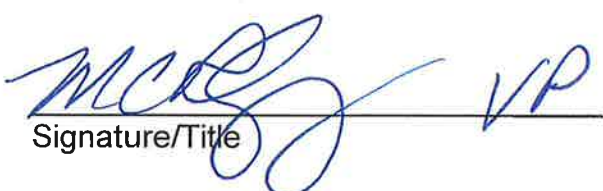
Attachment 1

August 30, 2016**1:20 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: TN SM, LLC d/b/a Providence Surgery Center

I, Michael Corey Riggs, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30 day of August, 2016,
witness my hand at office in the County of Davidson, State of Tennessee.


NOTARY PUBLICMy commission expires September 10, 2018.

HF-0043

Revised 7/02



Supplemental #3 -COPY-

TN SM, LLC dba
Providence Surgery Center

CN1608-031

**August 31, 2016****1:41 pm**

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

August 31, 2016

Via Hand Delivery

Phillip Earhart, HSD Examiner
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN37243

RE: Certificate of Need Application CN1608-031
TN SM, LLC d/b/a Providence Surgery Center

Dear Mr. Earhart:

Thank you for your letter of August 30, 2016 requesting clarification or additional discussion in regard to the CON application referenced above. Responses are provided in triplicate by the requested deadline of 2:00 p.m., Wednesday, August 31, 2016.

1. Section C, Need Item 1(Specific Criteria -ASTC) Item 2.

It is noted the applicant completed the following table for Year 2 of the proposed project. However, the applicant incorrectly added all minutes together and placed the total in the schedulable minute's column. Please revise the following table that includes an additional column for "total minutes".

Response: The table provided in the initial supplemental response included total minutes in the schedulable minutes column. A revised table is provided below. There is no change to the projected percent of schedulable time used.

Operating Rooms	Cases	Cases/ Room	Minutes Used	Average Turnaround Time	Total minutes	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	690	690	44,850 (@65)	20,700 (@30)	65,550	135,000	48.6%
Operating Room #2	691	691	44,915 (@65)	20,730 (@30)	65,645	135,000	48.6%
Procedure Room	334	334	10,020 (@30)	5,010 (@15)	15,030	135,000	11.1%
Total Surgical Suite	1,715	572	99,785	46,440	146,225	405,000	36.1%

*defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

2. Section C, Need Item 5

For each of the surgeons expected to utilize the proposed surgery center in Year One, please identify for 2015 the locations where surgeries were performed and the number of surgical cases at each facility. The applicant will need to request this information from each physician who has the information to address this question.

Response: Physicians in the specialties to be added are not currently investors or owners in the proposed project. Therefore, they have not been asked to compile or disclose confidential information related to the surgeons' facility utilization.

[remainder of page blank]

Thank you for the opportunity to present this supplemental information. A signed affidavit is presented in **Attachment 1**.

Warm regards,

THE STRATEGY HOUSE, INC.



Robert M. Limyansky
Partner

attachments

cc: Corey Ridgway, Market President, USPI
Byron Trauger, Esq., Trauger & Tuke

Attachment 1

August 31, 2016**1:41 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: TNSM, LLC d/b/a Providence Surgery Center

I, Michael Cory Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

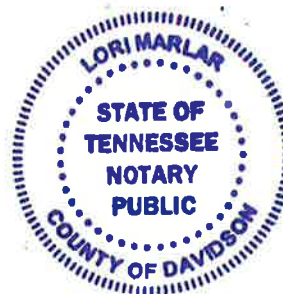
Sworn to and subscribed before me, a Notary Public, this the 31st day of August, 2016,
witness my hand at office in the County of Davidson, State of Tennessee.


NOTARY PUBLIC

My commission expires September 10, 2018.

HF-0043

Revised 7/02



TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

August 10, 2016

By hand delivery

Melanie M. Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Tenn SM, LLC d/b/a Providence Surgery Center ASTC Letter of Intent

Dear Ms. Hill:

Enclosed please find three originals and two copies of the Letter of Intent for the referenced project on behalf of our client Tenn SM, LLC d/b/a Providence Surgery Center. Publication of Intent was published in this morning's *Tennessean*, which is a newspaper of general circulation in Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson and Wilson Counties in Tennessee, and it is anticipated that the filing of the certificate of need application will occur within five days. Please date stamp the two copies and return them to me.

Very truly yours,



Byron R. Trauger

BRT:kmn

Enclosures



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Wilson, Davidson, Rutherford, Tennessee, on or before 08/10, 2016,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Tenn SM, LLC d/b/a Providence Surgery Center, an existing ambulatory surgical treatment center (ASTC) provider,
(Name of Applicant) (Facility Type-Existing)

owned by: Tenn SM, LLC with an ownership type of limited liability company
and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of
Need for the [PROJECT DESCRIPTION BEGINS HERE]: conversion of the existing ASTC, which is limited to orthopedic and
pain procedures, to a multispecialty ASTC at 5002 Crossing Circle, Suite 110 in Mount Juliet, TN, 37122
(Wilson Co.). No renovation or new construction is required. No major medical equipment will be purchased.
As a part of the project, the existing two operating rooms and one procedure room will be redesignated as a
part of a multispecialty ASTC. Total project costs are estimated to be \$235,387.

The anticipated date of filing the application is: August 15, 2016.

The contact person for this project is Byron R. Trauger, Esq. Counsel to Applicant
(Contact Name) (Title)

who may be reached at: Trauger & Tuke 222 Fourth Avenue North
(Company Name) (Address)

Nashville
(City)

TN
(State)

37219
(Zip Code)

615 /256-8585
(Area Code / Phone Number)

[Signature]
(Signature)

August 10, 2016
(Date)

brt@tnlaw.net
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. *Administrative History:* Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: October 31, 2016

APPLICANT: TM SM, LLC d/b/a Providence Surgery Center
5002 Crossing Circle, Suite 110
Mt. Juliet, Tennessee 37122

CN1608-031

CONTACT PERSON: Byron R. Trauger
222 Fourth Avenue North
Nashville, Tennessee 37219

COST: \$220,387

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Tenn SM, LLC d/b/a Providence Surgery Center, an existing ASTC limited to orthopedic and pain procedures, located at 5002 Crossing Circle, Suite 110, Mount Juliet, Tennessee 37122m seeks Certificate of Need (CON) approval to convert its facility to a multi-specialty ASTC. No renovation or new construction is required and no major medical equipment will be purchased. As a part of the project, the existing two operating rooms and one procedure room will be predesignated as a part of multi-specialty ASTC.

The project is a joint venture between Saint Thomas Health, United Surgical Partners International (USP), area physicians, and a local medical office building developer. Saint Thomas and Health and United Surgical Partners International jointly own and operate 14 endoscopy and surgery centers in the greater Nashville area including five in Davidson County, three in Rutherford County, two in Wilson County, and one each in Coffee, Montgomery, Sumner, and Williamson counties.

Tenn SM, LLC d/b/a Providence Surgery Center ownership includes the following: Robert Biscan 37.77%, Saint Thomas/USP Surgery Centers, LLC, 36.67%, five physicians own 4.26% each, and KLN Management who owns 4.26%.

The total estimated project cost is \$235,387 and will be funded through cash reserves from Saint Thomas Health.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The primary service area consists of four zip codes in Wilson County (37122, 37087, 37090, and 37184). The secondary service area is comprised of six zip codes in Davidson County (37076, 37138, 37214, 37013, 37211, and 37317); and five zip codes in Rutherford County (3716, 37086, 37130, 37128, and 37129).

The three county service area population projections are provided in the following chart.

County	2016 Population	2020 Population	% of Increase/ (Decrease)
Davidson	680,427	714,756	5.0%
Rutherford	318,638	357,615	12.2%
Wilson	129,094	138,561	7.3%
Total	1,128,159	1,210,932	7.3%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

Providence has two previous CON projects approved; CN0411-103 and CN1006-28. CN0411-103 approved the establishment of an ASTC consisting of one operating room and two procedure rooms limited to providing ambulatory surgery and pain management services to the patients of Tennessee Sports Medicine and Orthopedics, PC. CN1006-028 approved the conversion of one procedure room to an operating room and removed the limitations for the facility use by physicians in Tennessee Sports Medicine and Orthopedics, PC only.

Providence seeks approval to modify its authorized multispecialty status from orthopedics and pain management to all specialties, including but not restricted to otolaryngology, obstetrics/gynecology, podiatry, and general surgery. The applicant is not increasing the number of operating rooms and procedure rooms. There will be no change to the existing location and no construction or renovation is involved.

The applicant states that modification of the conditions to Providence is the most efficient way to improve access to high quality and cost effective outpatient surgery service to patients and payers in the designated service area. Providence believes the need for this project is based on the following:

- The only multispecialty ASTC in Wilson County, Lebanon Surgery Center is no longer operational. They served no patients in 2014 and did not file a Joint Annual Report for 2015;
- The three ASTCS in Wilson County are limited to gastroenterology, ophthalmology, orthopedics, and pain management;
- Only Four of the ASTCs offering EXT services in the applicant's secondary service area are operating above the 70% minimum utilization level while all 14 existing ASTCs are operating slightly below the minimum (67.2%);
- The only hospital based outpatient operating rooms in Wilson County at Tennova Healthcare-Lebanon reports a 87.6% utilization;
- Providence in Mt. Juliet is the only ASTC operating outside of Lebanon. Mt. Juliet is the fastest growing city in Wilson County;
- Providence was last profitable in 2013. Providence believes that can improve operational efficiency and financial sustainability through the requested modifications. Providence provides various physician letters of support.

The applicant reports that there are no services available in either Wilson County or the city of Mt. Juliet similar to those they are proposing. The continued growth Mt. Juliet and the surrounding area will increase the need for services such as these, as well as continue to meet the needs of the existing providers.

The following charts show the utilization in the applicant's designated service area for 2015.

Single Specialty ASTCs in the Applicant's Service Area Zip Codes

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2015 TOTAL CASES
Associated Endoscopy	Davidson	0	0	3	5453	5453
Southern Endoscopy	Davidson	0	0	3	3356	3356
Tennessee Pain Surgery Center	Davidson	1	1514	3	6060	7574
Lebanon Endoscopy Center	Wilson	0	0	2	1931	1931
Wilson County Eye Surgery Center	Wilson	1	987	1	356	1343
Spine and Pain Surgery Center, LLC	Rutherford	0	0	1	841	841
Mid-State Endoscopy Center	Rutherford	0	0	2	2160	2160
Williams Surgery Center	Rutherford	1	56	0	0	56
Total		3	2557	15	20157	22714

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

Multispecialty ASTCs in the Applicant's Service Area Zip Codes

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2015 Total Cases
Premier Orthopedic Surgery Center	Davidson	2	2165	0	0	2165
Summit Surgery Center	Davidson	5	4105	1	264	4369
Providence Surgery Center	Wilson	2	542	1	131	673
Middle Tennessee Ambulatory Surgery Center	Rutherford	6	5837	1	873	6710
Physicians Pavilion Surgery Center	Rutherford	4	1991	1	568	2559
Surgicare of Murfreesboro Med Clinic	Rutherford	3	4034	3	5456	9490
Total		22	18674	7	7292	25966

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

The 25 ORs in the applicant's service area averaged 849 cases per room in 2015, while the 22 procedure rooms averaged 1,247 cases per room.

The applicant projects 1,466 cases in year one of the project and 1,715 cases in year two.

TENNCARE/MEDICARE ACCESS:

The applicant participates in both the Medicare and TennCare programs. Providence contracts with AmeriGroup, BlueCare, United Healthcare Community Plan, and TennCare Select MCOs.

The applicant projects first year Medicare revenues of \$1,855,900 or 11.8% of total gross revenues and TennCare revenues of \$2,280,556 or 14.5% of total gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 32 of the application. The total estimated project cost is \$235,387.

Historical Data Chart: The Historical Data Chart is located in Supplemental 1, page 34-R. The applicant reported 790, 662, and 692 cases in 2013, 2014, and 2015, with gross operating revenues of \$(85,659), (\$435,330), and (\$471,528) each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1, page 36-R. The applicant projects 1,466 and 1,715 cases in years one and two with net operating revenues of \$89,450 and \$523,969 each year, respectively.

The applicant's charges for 2015 and year two of the project is provided below.

	2015	Year Two
Average Gross Charge	\$10,814	\$10,609
Average Deduction	\$8,189	\$8,399
Average Net Charge	\$2,624	\$2,210

Providence states their only alternative was to seek CON approval to modify the conditions for the existing CON.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of the managed care organizations that they have contracts with on page 40 of the application. Providence also has a transfer agreement with Summit Medical Center.

Providence is an existing ASTC and should not have an adverse impact on the utilization of existing providers in the service area.

The applicant's current and proposed staffing is provided below.

	Current FTEs	Proposed FTEs
Registered Nurse	7.5	9.5
Surgical Technician	2.5	3.5
Medical Assistant/Office	2.0	3.0
Total	12.0	15.0

QUALITY CONTROL AND MONITORING:

Providence is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The applicant is accredited by The Joint Commission.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

AMBULATORY SURGICAL TREATMENT CENTERS

Determination of Need

1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may

provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to specific type or types should apply for a Specialty ASTC.

Single Specialty ASTCs in the Applicant's Service Area Zip Codes

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2015 TOTAL CASES
Associated Endoscopy	Davidson	0	0	3	5453	5453
Southern Endoscopy	Davidson	0	0	3	3356	3356
Tennessee Pain Surgery Center	Davidson	1	1514	3	6060	7574
Lebanon Endoscopy Center	Wilson	0	0	2	1931	1931
Wilson County Eye Surgery Center	Wilson	1	987	1	356	1343
Spine and Pain Surgery Center, LLC	Rutherford	0	0	1	841	841
Mid-State Endoscopy Center	Rutherford	0	0	2	2160	2160
Williams Surgery Center	Rutherford	1	56	0	0	56
Total		3	2557	15	20157	22714

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

Multispecialty ASTCs in the Applicant's Service Area Zip Codes

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2015 Total Cases
Premier Orthopedic Surgery Center	Davidson	2	2165	0	0	2165
Summit Surgery Center	Davidson	5	4105	1	264	4369
Providence Surgery Center	Wilson	2	542	1	131	673
Middle Tennessee Ambulatory Surgery Center	Rutherford	6	5837	1	873	6710
Physicians Pavilion Surgery Center	Rutherford	4	1991	1	568	2559
Surgicare of Murfreesboro Med Clinic	Rutherford	3	4034	3	5456	9490
Total		22	18674	7	7292	25966

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2015 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

The 25 ORs in the applicant's service area averaged 849 cases per room in 2015, while the 22 procedure rooms averaged 1,247 cases per room. The applicant projects 1,466 cases in year one of the project and 1,715 cases in year two.

- Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

Cases	Year One	Year Two
OR	1,180	1,381
PR	286	334
Minutes/Cases		
OR	95	95
PR	45	45

Total Minutes		
OR	112,100	131,195
PR	12,870	15,030
	124,970	146,225
Total Hours		
OR	1,868	2,186.6
PR	214.5	250.5
	2,082.1	2,437.1

The applicant was asked to provide the following by HSDA staff.

YEAR TWO

Operating Rooms	Cases	Cases/Rooms	Minutes Used	Average Turnaround Time	Schedulable Minutes	% of Scheduled Time Used
OR # 1	690	690	44,850@65	20,700@30	65,550	48.6%
OR# 2	691	691	44,915@65	20,730@30	65,645	48.6%
Procedure Rm	334	334	10,020@30	5,010@15	15,030	11.1%
Total	1,715	572				36.1

- 3. Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR, all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

Single Specialty Pain Management ASTC, 2014

Facility	County	# ORs Rooms	Cases in ORs	# Procedure Rooms	Cases in Procedure Rm	2014 Patients
Premier Radiology Pain Management	Davidson	0	0	2	2,087	1,366
St. Thomas Outpatient Neurosurgical	Davidson	2	3,890	1	0	1,958
Tennessee Pain Surgery	Davidson	1	2,098	3	6,071	8,169
Spine and Pain Surgery Center, LLC	Rutherford	1	0	2	92	92
Total		4	5,988	8	8,250	6,128

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

Multi-Specialty Pain Management ASTC, 2014

Facility		# ORs Rooms	# Procedure Rooms	Total Cases	2014 Patients
Baptist Ambulatory Surgery Center	Davidson	6	1	2,892	1,381
Baptist Plaza Surgicare	Davidson	9	1	1,096	459
Centennial Surgery Center	Davidson	6	2	1305	594
Northridge Surgery Center	Davidson	5	2	440	232
Premier Orthopedic Surgery Center	Davidson	2	0	1,346	587
St. Thomas Campus Surgicare	Davidson	6	1	3,957	970
Summit Surgery Center	Davidson	5	1	1,154	520
Middle Tennessee ASTC	Rutherford	6	1	1,903	666
Physicians Pavilion Surgery Center	Rutherford	4	1	1,603	551
Providence Surgery Center	Wilson	2	1	177	55
Total		51	11	15,873	6,015

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2014 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

4. Need and Economic Efficiencies.

An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

All three service area counties are federally designated medically underserved areas (Wilson- Entire County; Davidson and Rutherford-partial County).)

There are 14 ASTC in the applicant's service area. Four of the ASTC offering ENT services are above the 70% utilization minimum. All 14 ASTC are only slightly below this level (62.2%).

5. Need and Economic Efficiencies.

An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

There are 14 ASTC in the applicant's service area. Four of the ASTC offering ENT services are above the 70% utilization minimum. All 14 ASTC are only slightly below this level (62.2%).

All three service area counties are federally designated medically underserved areas (Wilson- Entire County; Davidson and Rutherford-partial County).

There are 14 ASTC in the applicant's service area. Four of the ASTC offering ENT services are above the 70% utilization minimum. All 14 ASTC are only slightly below this level (62.2%).

Other Standards and Criteria

6. Access to ASTCs.

The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

The applicant is located within 60 minutes' drive time to residents of the service area.

7. Access to ASTCs.

An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information are available.

The site is located in a highly accessible area.

8. Access to ASTCs.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The primary service area consists of four zip codes in Wilson County (37122, 37087, 37090, and 37184). The secondary service area is comprised of six zip codes in Davidson County (37076, 37138, 37214, 37013, 37211, and 37317); and five zip codes in Rutherford County (3716, 37086, 37130, 37128, and 37129).

9. Access and Economic Efficiencies.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant provided historical and projected patients by zip code origin. The applicant projects 1,466 and 1,715 patients in years one and two from the service area. The applicant states 67.6% of the patients will originate from the zips codes the applicant designated as their primary and secondary service area.

The applicant projects the following:

	Year One	Year Two
1 st Quarter	341	405
2 nd Quarter	360	420
3 rd Quarter	375	435
4 th Quarter	390	456
Total	1,466	1,715

10. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

Providence is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The applicant is accredited by The Joint Commission.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

The only multispecialty ASTC in Wilson County, Lebanon Surgery Center (Tennova) is no longer operational. The three existing ASTCs in Wilson County are restricted to only a handful of specialties-gastroenterology, ophthalmology, orthopedics, and pain management. There are 14 ASTC in the applicant's service area. Four of the ASTCs offering ENT services are above the 70% utilization minimum. All 14 ASTC are only slightly below this level (62.2%).

11. Access to ASTCs.

In light of Rule 0720-11.01, this lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

All three service area counties are federally designated medically underserved areas (Wilson- Entire County; Davidson and Rutherford-partial County).

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Not applicable.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant projects first year Medicare revenues of \$1,855,900 or 11.8% of total gross revenues and TennCare revenues of \$2,280,556 or 14.5% of total gross revenues.

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

Not applicable.